

Asks to leave economic team

Levy slams Moda'i for dropping surtax

By AVI TEMKIN
Post Economic Reporter
Finance Minister Yitzhak Moda'i came in for strong criticism from Deputy Prime Minister David Levy at yesterday's cabinet session. Levy said the latest economic steps would push up inflation, and asked to be relieved of his position on the ministerial team holding talks with the Histadrut.

Levy criticized Moda'i for backing down from the proposal to impose a surtax on incomes instead of reducing the cost-of-living allowance, as

agreed with the Histadrut two weeks ago. He said that there was no justification for the Treasury not to honor agreements reached with the labour federation.

"The government humiliates itself, it changes its mind all the time and only part of the public shares the burden," Levy said.

Moda'i said the surtax idea had not been abolished. The idea, he said, was raised in talks with the Histadrut, but had not yet been tabled at the cabinet. Meanwhile,

(Continued on Page 2, Col. 6)

Treasury D-Gs come and go

Sharon reappointed after Baruch resigns

By AVI TEMKIN
Post Economic Reporter
A little more than three months after he resigned as the Treasury's director-general, Emmanuel Sharon was reappointed yesterday to the post by Finance Minister Yitzhak Moda'i. Sharon will replace Nissim Baruch, who resigned yesterday for what he called the government's failure to implement the ministry's economic programme.

In a letter to Moda'i, Baruch said he did not "believe the steps decided upon by the government will be enough to improve the country's economy." He added that these

steps will speed up inflation and put a disproportionate burden on the poorer sections of society. "The result may be the development of crisis conditions in the economy that will require greater intervention by the government with more severe measures," he said.

Baruch is the third Finance Ministry director-general to resign in 10 months. He held the post since Sharon resigned last June to protest against what he called "election economics" of Moda'i's predecessor, Yigal Cohen-Orgad. Cohen-Orgad

(Continued on Page 2, Col. 4)



Nissim Baruch



Emmanuel Sharon

Orgad's policy was a failure, says Bank of Israel report

By AVI TEMKIN
Post Economic Reporter
Former Finance Minister Yigal Cohen-Orgad's policy is described as a failure in an official report released yesterday by the Bank of Israel. The report also warns against using inflation as a means of eroding wages and incomes.

The report, titled *Recent Economic Developments*, surveys the economy from January to August this year.

Cohen-Orgad's policies "provided only a temporary, limited alleviation of Israel's deteriorating foreign-exchange position, and this at the cost of a big jump in the inflation rate," the report states.

Summing up the economy in the

period reviewed as "a disturbing combination of soaring inflation, sluggish economic activity and high unemployment," the report does point out that the trade balance continued to improve, albeit at a diminishing pace.

The report says the government tried to bring down demand and, consequently, imports by speeding

(Continued on Page 2, Col. 5)



Moslem extremists hear their sentences read out on Saturday in an Egyptian court for attempting to overthrow the government following the assassination of Anwar Sadat in 1981. (UPI telephone)

3 Egyptians die in price riot

KAFR EL-DAWWAR, Egypt (Reuters). - Three persons were killed yesterday and 26 others, including seven policemen, were injured in riots in this Nile Delta industrial town, eyewitnesses said.

They said demonstrators hurling stones clashed with policemen during protests against rising prices of bread and flour and higher pension contributions.

An Interior Ministry statement blamed the violence on what it termed "elements with extreme leftist leanings," which it said had distributed provocative literature. It did not mention casualties.

The eyewitnesses estimated that between 2,000 and 3,000 demonstrators began marching to Kafir El-Dawwar yesterday morning from nearby villages to demand price reductions of basic commodities such as bread, flour and cigarettes.

Workers in the industrial zone around Kafir El-Dawwar have been on strike for the past two days to protest against higher pension contributions.

The price of bread has been a volatile issue since riots in 1977 followed attempts by the late president Anwar Sadat to raise the price of bread.

IDF offers amnesty on missing gear

Post Defence Correspondent
The Israel Defence Forces has announced a one-month project to try to recover an estimated \$250 million in military equipment being held by the public.

Until the end of October civilians and servicemen will be able to hand over any unauthorized military equipment in their possession to any police station or military base without penalty. From November stiff penalties will be imposed on anyone found illegally possessing military equipment.

According to the chief of logistics,

300 Galil rifles, 200 M-16s, seven bazookas, 45 light mortars and two .50 cal. machine guns are among some of the items registered as missing from IDF stores. Other equipment thought to be in the hands of the public are 300,000 sets of IDF work fatigues, 24,000 sets of fireproof overalls, 44,000 mattresses and 11,000 iron cots.

Previous attempts to collect military equipment have proved effective, primarily because people hand in equipment during the amnesty period are guaranteed anonymity and no penalties.

Civilians find bomb near South Lebanese village

METULLA. - A large bomb was discovered yesterday by civilians near the village of Tibnin in South Lebanon. It was dismantled by a Unifil force and no damage was caused.

The device, which consisted of 10 kilograms of TNT and an artillery

shell, was designed to be set off electrically. It was planted in an area that the Israel Defence Forces patrols regularly.

In another incident, a grenade was thrown at an IDF position in Tyre by a passing motor cyclist. No one was hurt and the IDF searched the area.

'God' broadcasting on their frequency has police on the run

By ROBERT ROSENBERG
Jerusalem Post Reporter
Beersheba police cars last week raced to Yehonam to remove all the pedestrians from the streets of the town; the Jerusalem police nearly caused a riot on the Temple Mount last Friday when they began readying for mass arrests of praying Moslems; and a fistfight broke out in the police emergency-switchboard room Saturday night.

All this - and - more was caused

by an unidentified man impersonating officers on a walkie-talkie able to broadcast on the Southern District Police communications-system frequency.

Most recently, the man fired all the police dispatchers who cursed him on Saturday night and informed the entire Southern District Police force that God is now their commander.

Police sources report that for the last week the man has broadcast two

or three times a day.

During Temple Mount prayers on Friday, the man intervened in the police communications network, identified himself as Jerusalem Police Commander Haim Albaded, and ordered vans brought to the scene to take arrested people.

Some vans were brought to the scene, and when a small group of Arabs began unfurling placards ab-

(Continued on Page 3)

Davis Cup victory just one match away

By JACK LEON
Post Sports Reporter
TEL AVIV. - Shlomo Glickstein and Shahar Perkis battled their way to victory in five sets yesterday in their Davis Cup doubles match against the Soviet Union, to give Israel a 2-1 lead in the European Zone "A" final in Donetsk.

They needed four hours to fight their way back from a two set deficit against Vadim Borisov and Leonid Leonuk for a 2-6, 9-11, 6-4, 6-4, 6-3 win.

Today Glickstein plays Soviet junior champion and No. 4 racket, Andrei Chesnokov, in the first of the two reverse singles. Chesnokov beat Perkis in three straight sets on Saturday, but, on paper, Glickstein

should be too good for him.

It must be remembered, however, that Glickstein was on the clay court for four hours on Saturday, playing five sets, and again for four hours yesterday, in the five set doubles encounter.

Perkis plays Russian No. 2 Aleksander Zverev, who gave Glickstein so tough a fight on Saturday. The Israeli No. 2 racket was very nervous during that match, and for the first two sets of the doubles yesterday, but then, perhaps inspired by Glickstein's solid professionalism, he displayed his true form. If he can maintain his standard in the last three sets, he may surprise Zverev.

Victory in either of these singles encounters will be enough to win Israel promotion into the premier division of the top 16 competitors in the main Davis Cup event next year.

The 1,700-seat stadium in Donetsk was packed to capacity yesterday. According to David Harnik, chairman of the Israel Tennis Association, the crowd, although favouring the home players, was very sporting in applauding the Israelis.

This atmosphere did not off-set the unpleasant impression created by Russian officialdom. In defiance of the Davis Cup spirit and tradition, they refused to play the Israeli

national anthem or to exchange flags. The teams did exchange the pennants of their tennis associations, prior to the start of play.

There were no reports of the match in the Soviet media. Billboards in Donetsk which announce sporting events referred to the European Zone tennis final without mentioning Russia's opponent.

With Perkis initially very nervous in the doubles encounter, Borisov and Leonuk were able to get on top in the opening set. After narrowly conceding the second-set marathon, the Israelis gradually took command, although they did have to overcome a minor crisis at 0-2 in the fourth set. Borisov, who is Russia's No. 1 racket, and third-ranking Leonuk, are not a regular pairing, although the former has often played Davis Cup doubles with other partners - going back to Alex Metreveli in the 1970s. Glickstein and Perkis have now won all four doubles matches in which they have played in the competition.

Harnik told *Ma'ariv* yesterday that very few Russian Jews were in evidence among the 1,500 spectators on the opening day of the match. "One or two of them did wave us a greeting, but none approached us because of the tight security," the Israeli delegation head said.

Peres banking on Syria to keep PLO off border

By DAVID LANDAU
Post Diplomatic Correspondent

Israel hopes to reach an understanding with Syria whereby Syrian troops would prevent PLO infiltration from the Beka'a valley into South Lebanon after the Israel Defence Forces withdraws.

This, according to government officials, is one of the elements of the Israeli position that Prime Minister Peres will present at his talks in Washington next week.

The officials recalled that a similar understanding was reached as part of the disengagement agreement in the Golan in 1974. That was never formalized, but Syria has scrupulously adhered to it.

Other elements of the Israeli position, as enunciated by Cabinet Secretary Yosef Beilin after the weekly cabinet meeting yesterday, were:

- the security of the northern border;
- a combination of deployment by Unifil and the South Lebanon Army;
- Syria's not advancing into the areas vacated by Israel.

The premier also adumbrated briefly at the cabinet the economic policies and ideas on the peace process that he will bring to the U.S.

Observers noted that the Lebanon elements seemed to match closely a series of "American proposals" that,

according to the leading Lebanese newspaper *A-Nahar* yesterday, were advanced by the State Department's Richard Murphy during his visit to the region last week (see *A-Nahar* story below).

Nevertheless, ministers here, who were briefed on the talks with Murphy at the cabinet yesterday, were cautious in their assessments. Not all of them shared Peres's public prediction that Israel would be able to make a decision on withdrawal within a few weeks.

Some ministers wondered whether the U.S. would wish to engage intensively in a mediation effort before the presidential election, given that Lebanon-linked diplomacy can only bring back to American voters' minds the setbacks suffered by the U.S. under Reagan in Lebanon.

The cabinet will have a further opportunity to discuss this matter before the premier's departure. Peres has scheduled a special session on Thursday in preparation for his talks in Washington.

That session will also focus on economic issues and Israel's possible requests for extraordinary aid. The premier yesterday reiterated the main points of the government's economic-recovery programme - and plainly he intends to expound them in Washington, too: a reduction in government spending (Finance Minister Yitzhak Moda'i reported yesterday that \$920 million of

the targeted \$1 billion had already been agreed upon by the Treasury and the various ministries), a drop of 5 per cent in the level of private consumption, a "package deal" on wages and prices, and a return to economic growth.

These issues will probably prove the most arduous for Peres in his talks with the Americans. But the issue of peace with Jordan may well be the most delicate in terms of intra-cabinet politics. With Vice Premier Yitzhak Shamir (Likud-Herut) at his side, Peres (Alignment-Labour) will have to cling to the ambiguity of the unity government's "policy-guidelines" - and at the same time sound reasonable to his American hosts.

Peres made a preliminary attempt at this difficult task yesterday, deftly phrasing an official Israeli reaction to the re-establishment of diplomatic ties between Jordan and Egypt.

"We hope (this) will contribute to renewing the peace process in the Middle East," Peres told the cabinet, and his remarks were later issued to the press.

By omitting any reference to Camp David, he was within the Labour Alignment's position, which is that peace talks with Jordan need not be based on Camp David.

But by the phrase "renewing the peace process," he could also have implied the Likud position - which is that only the Camp David autonomy scheme can be a basis for peace talks with Jordan.

'A-Nahar' lists 'Murphy plan'

By DAVID BERNSTEIN
Post Middle East Affairs Reporter

The well-informed Lebanese newspaper *A-Nahar* yesterday published what it described as an American plan for the withdrawal of Israel from Lebanon, presented by U.S. Undersecretary of State Richard Murphy during his swing through the region last week.

However, the Associated Press last night quoted a senior Lebanese government official - who the agency said did not wish to be identified - as saying that the ideas presented in the plan were mostly Israeli's, and that Beirut and Damascus had opposing views.

The usually reliable Lebanese daily wrote that the plan provides for a unilateral Israeli withdrawal from Southern Lebanon, unlinked to a simultaneous Syrian withdrawal from eastern Lebanon, with General Antoine Lahad's predominantly Christian South Lebanon Army

(SLA) taking up positions vacated by Israel and policing the area in cooperation with Unifil.

The plan also requires that Lebanon refrain from sending its army into the south without prior Israeli approval, and that Israel complete its withdrawal within six to nine months of its acceptance by the two sides.

Beirut radio carried an almost identical version of the plan, but stressed that there was no confirmation that it was an official proposal.

It would, in fact, be extremely surprising if Murphy had presented a formal set of proposals in the course of what the State Department has been careful to describe as a "sounding-out" rather than a mediation mission. This is especially so since the plan as reported in *A-Nahar* contains at least two points not likely to win the approval of either Beirut or Damascus.

These are the putative roles for the SLA, which Lebanon's Central

News Agency yesterday confirmed would be unacceptable to Damascus, and the need to seek Israeli approval before the Lebanese Army could deploy in the south, which is unlikely to go down well in Beirut.

Lebanese Shi'ite leader Nabih Berri, who is minister in charge of the south in Prime Minister Rashid Karamah's Beirut cabinet, indicated on Saturday that Lebanon would not be likely to accept such a limitation on its authority.

Speaking to newsmen before accompanying Karamah to New York to attend the UN General Assembly, Berri said he wanted to see the size and role of Unifil expanded when its mandate comes up for renewal on October 17.

"This would mean the Lebanese Army and no other army would ensure security in the south with Unifil's support," he said, clearly reflecting Beirut's objection to the deployment there of the SLA.

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City	Temp.	Wind	Clouds	Remarks
Amsterdam	11-15	14-16	41	Clear
Buenos Aires	9-15	15-18	59	Clear
Chicago	9-15	15-18	59	Clear
Copenhagen	9-15	15-18	59	Clear
Frankfurt	9-15	15-18	59	Clear
Geneva	9-15	15-18	59	Clear
Helsinki	9-15	15-18	59	Clear
London	9-15	15-18	59	Clear
Madrid	9-15	15-18	59	Clear
Moscow	9-15	15-18	59	Clear
New York	9-15	15-18	59	Clear
Oslo	9-15	15-18	59	Clear
Paris	9-15	15-18	59	Clear
Rio de Janeiro	9-15	15-18	59	Clear
Sao Paulo	9-15	15-18	59	Clear
Stockholm	9-15	15-18	59	Clear
Tokyo	9-15	15-18	59	Clear
Toronto	9-15	15-18	59	Clear
Zurich	9-15	15-18	59	Clear

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THE WEATHER

Forecast: Dry and hot, particularly in the hills; possibility of thunderstorms in the hills and the Arava.

City	Temp.	Wind	Clouds	Remarks
Jerusalem	14-20	16-31	35	
Golan	11-15	16-34	31	
Nahariya	14-20	16-31	35	
Safed	14-20	16-31	35	
Haifa Port	14-20	16-31	35	
Tiberias	14-20	16-31	35	
Nazareth	14-20	16-31	35	
Afula	14-20	16-31	35	
Shomron	14-20	16-31	35	
Tel Aviv	14-20	16-31	35	
B-G Airport	14-20	16-31	35	
Jericho	14-20	16-31	35	
Gaza	14-20	16-31	35	
Beersheva	14-20	16-31	35	
Eilat	14-20	16-31	35	

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Begin to go home

Jerusalem Post Reporter

The authorities at Shaare Zedek Hospital, where former prime minister Menachem Begin is convalescing following a prostatectomy, said yesterday that he is fully recovered and is expected to go home either today or tomorrow.

Professor to Cairo post

Professor Gavriel Warburg, Haifa University specialist on the history of the Nile Valley, left for Cairo yesterday to head the Israeli Academic Centre in the Egyptian capital.

N.Y. councillor sponsors fund for ill Israeli boy

NEW YORK (AP). — New York city councilman Noah Dear said yesterday he was sponsoring a fundraising drive for a four-year-old Israeli boy who is suffering from leukemia and must undergo a bone-marrow transplant.

Dear, a Democrat from Brooklyn, said Shimon Rafael was scheduled to travel to a Seattle, Washington hospital to undergo the life-saving operation. His 11-year-old brother was slated to donate the necessary bone marrow.

However, the procedure costs \$150,000 and the family must come up with \$100,000 before he can be admitted, said Dear.

The councilman said he set up the Shimon Rafael Fund after relatives who live in Brooklyn contacted him.

3 commit suicide in Jerusalem yesterday

There were three suicides in Jerusalem yesterday evening in the space of five hours. There was no connection between the three cases.

At 5 p.m. a man was found hanging from a tree in Rehov Dubnow in the Talbich neighbourhood. The man, who was 32, left a note. He was apparently suffering from depression.

The second suicide was discovered at 7 p.m. in Beit Hakerem's Rehov Hehalutz, where a local resident returned home to find his wife hanging in the corridor.

At 9 p.m. a 68-year-old resident of Ramat Gan entered the emergency ward at Hadassah Hospital, Ein Kerem, went up to the seventh floor, and jumped from the veranda to his death. (Itim)

HOME AND WORLD NEWS

Navon and aides still battling school fees

By GREER FAY CASHMAN
Jerusalem Post Reporter

Education Minister Yitzhak Navon yesterday sought the intervention of Prime Minister Peres to avert the Treasury's plan to impose special fees on families with pupils in grades 11 and 12. These fees would be in addition to the \$4,000 per month per family for all grades, announced earlier last month.

Navon believes that increasing National Insurance Institute payments is a better solution for his ministry's financial problems than abolishing free education.

Meanwhile, the management of the ministry's division for the planning of study programmes has proposed the establishment of an education fund as a form of insurance against future economic measure dictated by the government.

Division head Shlomo Ben-Eliahu has recommended that the ministry investigate the possibility of linking such a fund with the Israel Defence Forces' Libi fund, so that the two funds would be secured jointly for the purpose of safeguarding and developing the nation's educational system.

Division administrators said that if their proposal is accepted by the ministry, each would donate 1 per cent of his or her annual salaries to form the nucleus for the fund. They urged other ministry personnel to join in this initiative.

Jordan denies Egyptian ties are part of peace moves

AMMAN (Reuters). — Jordan's decision to resume diplomatic ties with Egypt in 1979 after Cairo's isolation from the Arab world and is not connected with Middle East peace initiatives, a senior minister said yesterday.

Deputy Prime Minister Suleiman Arar said on Jordan's state radio that last Tuesday's decision "was aimed at ending Egypt's isolation" and could have been taken at any time.

return to the Islamic conference Organization last January, and President Hosni Mubarak visited Rabat the following month.

The king's initiative has been approved by Saudi Arabia, Arab diplomats said in Rabat yesterday.

Saudi sources said Riyadh favours Egypt's return to the Arab fold, but deplores the fact that Jordan has resumed relations with Egypt without consulting its Arab partners.

Jordan and more than a dozen other Arab states broke relations with Egypt in 1979 after Cairo signed its peace treaty with Israel. Jordan is the first of those states to restore ties.

Asked about the Arab criticism of the Jordanian move, Arar said, "Only one or two Arab countries have attacked our decision and threatened us. They can go and jump into the sea."

Morocco also favours Egypt's return, but would prefer the resumption of relations with Cairo to be done through a decision of Arab heads of state cancelling their decision taken at their 1979 Baghdad summit to put Egypt in quarantine, the diplomats said.

An openly pro-Egyptian attitude by Morocco could prove the first acid test for the Moroccan-Libyan treaty of union signed at Oujda last month, they said.

Libya and Syria have called for a boycott of Jordan. Other Arab countries have criticized Amman for not consulting them before acting.

Morocco, meanwhile, has called for an Arab summit meeting to discuss the issue.

Morocco's King Hassan, who presided over the last Arab summit in Fez in September 1982, enjoys good relations with Amman and Cairo.

He played a major part in Egypt's

Syria yesterday rejected the call by Hassan for a special Arab summit, describing it as a cover for Jordan's restoration of diplomatic ties with Cairo.

The Syrian spokesman said Hassan's call was to "cover up the Jordanian decision and evade condemning it as a breach of Arab summit resolutions." He said Arabs should "condemn and reject" Amman's move, not call for an emergency session "to cover it up."

Egypt says mystery mine was made in Soviet Union

CAIRO. — The Egyptian military confirmed yesterday that a mine found by the British in the Gulf of Suez was Soviet-made.

In an announcement distributed by the state-run Middle East News Agency, the Armed Forces General Command said an examination of the mine, found September 12 some 32 kilometres south of the Suez Canal, was of Soviet origin.

states to search for mines.

French minesweepers, which completed their mission last week, located and detonated 10 mines believed to be leftovers from the 1973 Arab-Israeli war, according to a French Defence Ministry statement.

The British Defence Ministry said yesterday that "we have no reason to believe that the Russians were responsible."

The announcement gave no indication of who laid the mine, which Egyptian officials suspect is linked to explosions that have damaged nearly 20 ships in the Red Sea and Gulf of Suez since July 9.

Instruments from the mine were flown to Britain for examination by British and Egyptian experts.

Egypt has repeatedly voiced suspicions of Libyan and Iranian involvement. Both countries have denied the charge. Libya is a major recipient of Soviet weaponry.

The British minesweepers arrived in August as part of an international effort that included the U.S., France and Italy as well as other Red Sea

The statement said: "We have informed the Russians of our discovery. Their response was that the Soviet Union was not in any way connected with the mine's presence in the Gulf of Suez."

"The Soviet Union strongly condemned such activities, as has been made clear in a number of official statements."

The ministry said the French navy had identified a different type of mine, which had been in the water for years, while the Royal Navy force had blown up a World War II German mine and an unidentified piece of ordnance which could have been a mine. (AP, Reuters)

Top U.S. defence man in Algeria

ALGIERS (AP). — General Kenneth Burns, U.S. defence assistant undersecretary for North African and Middle Eastern affairs, has arrived in Algiers for a discreet "courtesy and working visit," it was learned yesterday.

An American diplomatic source, insisting on anonymity, said Burns is the highest ranking U.S. military official to visit this radical North African nation since it became independent from France in 1962.

The source added that the visit, which began Friday and is to end Tuesday, came at Algeria's instiga-

tion.

Burn's visit was seen by observers here as part of a continued attempt by Algeria to make cautious overtures to the U.S. while strengthening its close ties to radical Arab countries like Syria and to the Soviet Union, Algeria's main ally.

The visit could also presage a U.S.-Algerian weapons deal. Algeria, which receives 80 per cent of its military equipment from the Soviets, is trying to diversify its sources of arms and recently bought several Hercules military transport planes from the U.S.

Gunfire again closes Beirut crossing

BEIRUT (Reuters). — Gunfire near the "Green Line" yesterday brought a brief shutdown of one of Beirut's main East-West crossing points for the second time in two days.

An army source said Saturday's fighting was due to a misunderstanding. The Shi'ite Muslim militia Amal called it a passing incident and said it was committed to government peace measures giving the army control of security.

Troops closed the Museum Crossing at 8 a.m. for 35 minutes, apparently fearing a repeat of Saturday's battle in which security sources said two Muslim militiamen were killed and three persons wounded fighting army units nearby.

There was no comment by the mainly Druse Progressive Socialist Party militia. The security sources said one of the dead gunmen was from Amal and the other from the Druse militia.

Gur approves 16-18% increases in drug prices

Health Minister Mordechai Gur yesterday approved increases in the prices of drugs, effective today.

The hike for locally manufactured drugs is 18 per cent, and for imported drugs 16.5 per cent.

The increases, approved at the beginning of September, were scheduled to go into effect a fortnight ago, but were held up by Gur while he explored the pharmaceutical market.

Yesterday Gur announced the appointment of a public committee

to investigate the costs involved in manufacturing, importing and marketing drugs with a view to keeping prices as stable as possible. The committee is headed by Deputy Health Minister Shoshana Arbeli-Almosino.

DISBAN — The Mevasseret Zion local council decided at its meeting yesterday to ask the Interior Ministry to disband it and call new elections.



Holocaust survivor Fanny Angel protests yesterday outside the Journalist's Association at Beit Sokolov in Tel Aviv against using Holocaust symbols when they are not relevant. One of her signs declares: "No Jew has the right to use the Yellow Star to equate the attitude of Jews to Arabs with that of the Nazis to the Jews," referring to the wearing of the Yellow Star by a woman in the recent demonstration of solidarity with the Arabs of Umm al-Fahm against Knesset Member Meir Kahane. (Ippa)

Helicopter crash inquiry finds engine malfunction

By HIRSH GOODMAN
Post Defence Correspondent

The head of the Israel Air Force has received the initial findings of an inquiry into last week's helicopter crash that killed five soldiers and injured five others.

Moshav Mehola in the Beit She'an valley.

The initial findings report that the Bell-212 helicopter suffered from an engine malfunction. But no conclusions will be reached until the full investigation is presented later.

lim adds:

The fifth victim of last Monday's helicopter crash, Turai Dan Tallier, 20, was buried yesterday afternoon in the Mount Herzl Military Cemetery in Jerusalem.

One question to which the Israel Defence Forces is demanding an immediate answer is why it took over three hours before rescue teams reached the site of the crash near

His bereaved mother, who came specially from France, was among the mourners. Tallier's comrades paid tribute to his sense of responsibility and loyalty to his unit.

Tallier volunteered to be a combat soldier in the Golan Brigade last January. He came to Israel in 1980 and was educated in a Youth Aliya institution in Ein Kerem.

Arab press service unlikely to be closed

Jerusalem Post Reporter

Prime Minister Peres has "requested clarifications" of the Interior Ministry's intention to shut the Jerusalem-based Palestine Press Service and its weekly *Al Auda*, a senior government official said yesterday.

sisted on anonymity, the prime minister requested more information on grounds that the decision was taken prior to the formation of the new government. Peres is acting in his capacity as the acting interior minister, a portfolio yet to be allocated under the agreement to form the national unity government.

Although he has not formally cancelled the order, Peres's intervention probably means that it will die a natural death, with the authorities making do with a warning to the PPS. The agency provides a news and liaison service to the foreign press and to embassies in Israel.

The directors of PPS, Raymonda Tawil and Ibrahim Kara'een, are to appear before Interior Ministry officials this morning to reply to the charges that their service is financed by and indirectly directed by the Patah organization.

TREASURY

(Continued from Page One)

appointed Sharon to the post in October 1983.

ORGAD'S POLICY

(Continued from Page One)

up the depreciation of the shekel and by raising controlled prices, on the assumption that other prices, wages, financial assets and credit would increase more slowly.

Ten days after his resignation, Sharon told a group of controllers and auditors that any government formed after the elections would have to cut expenditures by \$1 billion and carry out monetary reform. He did not give details about this reform, saying that he did not wish to cause a panic.

"The weak point of this policy was, from the very outset, prices," the report says. Inflation soared to an annual rate of 400 per cent, causing a loss in output, as well as adverse effects on the distribution of income, wealth and the tax burden.

Baruch harshly criticized Sharon for these declarations, accusing him of sowing panic among the public when the economy was already in a precarious position.

According to senior Treasury officials, Sharon was recommended to Moda'i by some of the former director-general aides at the ministry. According to the sources, Sharon will be called to put the State Revenue Administration in order and to stop the breakdown in the tax system, a task he was performing before his resignation.

These developments were accompanied by growing public uncertainty, generating expectations of a large devaluation which in turn caused a large increase in the demand for foreign currency, financed by government monetary injections into the economy.

Baruch's resignation will be effective as of today, although he will remain at the Treasury as adviser at Moda'i's request.

Interviewed yesterday by Israel Television, Baruch asserted that Moda'i had given in to the Histadrut and this prevented a package deal with the labour federation. He described the Histadrut as dogmatic and blamed it for the failure of the package deal talks.

The government deficit was 95 per cent higher in real terms in January-July 1984 than it was in the last quarter of 1983, due to the drop in tax revenue.

The unemployment rate, meanwhile, reached 5.7 per cent in the first quarter of 1984 and a 15-year peak of 5.9 per cent in the second quarter of the year, the report says.

Senior Histadrut sources yesterday rejected Baruch's charge. They ridiculed his contention that his proposals were favourable to the workers, pointing out that he had been responsible for the recent attempts to neutralize the cost-of-living increment and to delay revision of tax brackets.

The report also indirectly criticizes the current government's recent steps. The situation calls for the urgent adoption of a clear policy that will restore economic stability and lead to a sustained reduction in inflation, renewed economic growth and a strengthened balance of payments.

Basketball game cancelled by strike

Post Sports Reporter

Israel's National League basketball umpires have called an indefinite strike because of their dissatisfaction with conditions of work and payment.

As a result, last night's game between Hapoel Haifa and Hapoel Upper Galilee was called off.

The Administration, Staff, Students and School Board
of the
American International School in Israel
deeply mourn the untimely passing of their friend,
colleague, and esteemed teacher

NAHUM LEVY

and extend heartfelt sympathy to TZIPI and the children.

The funeral will take place today, Monday, October 1, 1984
at 3 p.m. at the Segula cemetery in Petah Tikva.

Camp survivors remember liberation day

KIBBUTZ LOHAMEI HAGE-TA'OT (Itim). — The 15 survivors of the Klooga concentration camp in Estonia will gather here tomorrow on the 40th anniversary of the camp's liberation.

They were the only ones to survive the final massacre by the Germans and their collaborators, carried out on the eve of the camp's liberation by Soviet troops. The Germans collected some 2,500 survivors, shot them and burnt them on a huge pyre. The 15 managed to escape at the very last minute. They include former Knesset member Hillel Seidel, Binyamin Anelik from this kibbutz, and Avraham Waplik from Rehovot. The latter was shot in the head and seriously wounded, but he survived.

Representatives of 23 other camps in Estonia have been invited to the memorial gathering which will be addressed by Seidel, Yitzhak Arad of Yad Vashem and advocate Shmuel Leviatan.

A film made by Soviet troops who liberated the camp will be shown at the gathering.

Absorption minister makes plea for 'Jews of silence'

Jerusalem Post Reporter

NETANYA. — Absorption Minister Ya'acov Tzur last night called on Israelis to join protests throughout the world against "the plight of the Jews of silence." Speaking to several thousand people here, including new olim and members of youth movements, Tzur called for the freedom of Jews in the Soviet Union, Syria, Ethiopia and Iran, to repatriate themselves to Israel.

Jews and non-Jews, said Tzur, had raised their voices, and Israeli citizens were in duty bound to join their pleas. Tzur said that the government should raise the issue at all international forums.

TV chiefs promise more time for Soviet Jewry

Jerusalem Post Reporter

The plight of Soviet Jewry was the main topic of discussion at yesterday's meeting of the board of directors of the Israel Broadcasting Authority.

Radio and television news department heads said they would put greater emphasis on Soviet Jewry in the future to heighten public awareness.

Meanwhile, Nathan Brun, head of the service-broadcasts committee, reported that television revenue from service broadcasts now averages \$300,000 per month. Income from radio commercials has dropped sharply, he said.

tion of NII fees with income tax, imposing income tax on child allowances for the third child in families of three children whose main breadwinner is in the 45 per cent tax bracket or above it; and by abolishing old-age allotments to persons with an income of 55 per cent or more of the average wage in the economy.

The Treasury's plan to abolish subsidies on fuel and electricity will mean rapidly increasing prices in the coming months. The cost of public transportation will be doubled, to bring the subsidy rate down to 50 per cent.

The officials said the budget for payments to religious institutions under the old coalition accord will be cut by some 30 per cent, while the funds set aside for yeshivot from the Religious Affairs Ministry will be almost 100 per cent.

According to Treasury officials, the Education Ministry is still opposed to a proposal to charge a high-school fee. According to this proposal, the 40 per cent lowest income families would be exempt from the fee, the next 40 per cent would pay \$7 a month per child, and the final 20 per cent would pay \$21 a month for each child.

A second proposal, to which the Education Ministry is also opposed, would raise university tuition fees by 80 per cent, to about \$1,200.

The steps on which both ministries have agreed include the imposition of a monthly \$4,000 fee on every family with children between 5 and 18 years old; increasing the education levy paid to the National Insurance Institute (NII) from 0.4 per cent to 0.6 per cent; closing some 500 small classrooms; and closing small boarding schools.

The officials added that the Treasury plan calls for an increase in NII revenue of some \$75m. This would be achieved by unifying the collec-

Arts and crafts high school opens in capital

Jerusalem Post Reporter

Jerusalem's first arts and crafts high school has been established by the initiative of Gershon Bergson, Jerusalem District Inspector at the Education Ministry.

The school, in the Mornah (Mishra) neighbourhood, was formerly the Remez school, which closed several years ago. Courses being taught in the first year include the plastic arts, communications and theatre.

In deep sorrow, we announce the death of our beloved husband, father, grandfather and brother

BENNO HESS

of Amsterdam and Kfar Shmaryahu, on
ז' תשרי, 5745 — September 28, 1984.

Wife: Betty Hess Abrahams — Amsterdam
Daughter: Karla, and Elmer West Hess — Jerusalem
Son: Harry, and Nina Hess — Amsterdam
Sister: Martha, and Albert Salzmann — New York
Brother: Joseph and Bracha Hess — Hod Hasharon
Grandchildren: Tamar, Sharon, Yaron, Daniel, Roland, and others.

The funeral will take place on October 1 in Holland at 1.00 p.m.
Shiva at Rubensstraat 47, Amsterdam.

We sadly announce the death of

Dr. ADEL (Dusia) GEIG

on September 26, 1984.

HOME AND WORLD NEWS

Trilateral body proposed Kessar: Employment is Histadrut's top priority

By ROY ISACOWITZ
Jerusalem Post Reporter

TEL AVIV. - The Histadrut will propose the establishment of a joint government-Histadrut-employers body to deal with the problem of unemployment. Histadrut Secretary-General Yisrael Kessar told the labour federation's central committee yesterday.

Guaranteeing employment and fighting unemployment are the Histadrut's top priorities today, Kessar said. The proposed trilateral body would function to lessen unemployment and expand work opportunities by increasing productivity and output, he said.

Reviewing his meetings with Prime Minister Peres and Finance Minister Yitzhak Moda'i last week, Kessar said that he had warned the government of a worsening of the already serious unemployment problem, due to the government's recent measures to mop up excess demand.

Nevertheless, the Histadrut would go along with the measures, as long as the burden was distributed equally and fairly among the population, Kessar said.

The secretary-general said he had informed Peres and Moda'i that the labour federation would not budge from its position that there can be no tampering with the "three legs" of the wage mechanism: work agreements, the cost-of-living agreement and the agreement to revise tax brackets, children's grants and welfare points whenever the C-o-L increases.

Prices would stabilize' if credit terms were reduced

By AARON SITTNER
Jerusalem Post Reporter

Consumer prices could be brought down or at least kept stable if leading manufacturers stopped giving retail chains "excessively liberal" credit and instead sold their goods at lower prices through independent retailers.

That is the gist of a letter sent to Industry and Trade Minister Ariel Sharon yesterday by the Jerusalem Merchants' Association.

Explaining the idea to *The Post*, association secretary Avraham Birnbaum said: "Many manufacturers argue - rightly - that the excessively liberal credit terms they grant their large customers, the chains, cost them so much under inflation that they must add the cost of this credit to their prices."

According to Birnbaum, most chains pay suppliers with 60-day post-dated cheques "that lose value so rapidly that the suppliers jack up prices to make up for this." Independent retailers, on the other hand, are required to pay their bills on delivery or within a week or two.

What manufacturers should now do, said Birnbaum, is begin selling to independent retailers at lower prices, and this saving could then be passed on to the consumer.

Admitting that the stocking of goods by chain stores is in itself valuable advertising, Birnbaum suggests in his letter to Sharon that his ministry "cooperate" with independent retailers in wide-scale advertising programmes for products of manufacturers who stop giving "preferential credit treatment" to nationwide chains.

"Everybody agrees that freezing prices is not going to be easy. The least we can do now is take the first step," Birnbaum concluded.

Faster billing possible for charge cards

Jerusalem Post Reporter

The supermarket chains are considering shorter billing periods for credit-card purchases, because of the inflation rate. Card-users are now debited in their banks twice a month. This may be changed to three times a month, after the holidays, a spokesman for the Supersol chain said yesterday.

Arab councils warned not to strike today

By AARON SITTNER
Jerusalem Post Reporter

Heads of Arab local authorities were warned yesterday not to stage the one-day warning strike planned for today as a protest against what they allege is a lack of government funding.

In a hand-delivered letter to six leading Israeli Arab communal leaders, Interior Ministry director-general Haim Kubersky wrote: "I have learned from newspaper reports of your intention to suspend municipal services tomorrow. May I remind you that by law you are required to maintain public services and therefore your decision is in violation of the law."

Warning that the action might be interpreted as a political act, which could bring a backlash against the Arab community, Kubersky added: "The Interior Ministry deals with local authorities through two bodies, the Association of Regional Councils and the Union of Local Authorities. The Arab local authorities are represented in the latter, and it is only through that body that you may lawfully act to lodge your complaints against the government."

Itim reported last night, however, that Arab council heads had met after receiving the warnings and voted to go ahead with their warning strike today.

Woman starts fire in apartment protest

TEL AVIV (Itim). - Policemen and firemen rescued a woman who barricaded herself in a flat with her two young daughters and started a fire there yesterday afternoon.

The woman broke into an apartment of the Halamish housing company in Jaffa's Rehov Pahad Yitzhak yesterday afternoon, with her daughters aged one and two. Neighbors called the police, but the woman refused to let them in and threatened to set light to the flat.

"No one has helped us," she said, "and we have nowhere to live, so we'll live here." She then said she would set fire to the flat if the police tried to break in.

Centre planned for study of Jews of Soviet Union

By YAACOV FRIEDLER
Jerusalem Post Reporter

TEL AVIV. - A group of olim from the Soviet Union, concerned with what they call the "identity crisis" of their children, are planning to establish a centre for the study of the history of the Jews in the USSR. It will also propagate Judaism and Zionism among the Soviet Jewish emigrés, especially those in the U.S.

Moshe Zidovetzky, 59, an engineer, and Era Mazovetzky, 51, a philologist, told *The Jerusalem Post* they intend to establish the centre in Upper Nazareth, where Mayor Menahem Ariav has provided them a plot just outside the city. They want to finance it through donations from former Soviet Jews here and in the U.S.

Zidovetzky and Mazovetzky, who both work in Tel Aviv, head the Rehovot-based Sezam organization for the propagation of Judaism and Zionism. They have chosen Nazareth for their centre as a contribution to Galilee development.

Sezam is an acronym of the German "Jedem das" (To each his own) slogan on the gates of the Buchenwald concentration camp, as seen from the reverse side by the inmates. "We don't want to harp on the Holocaust, but we can't forget it either," they said.

Sezam's main purpose is to propagate Jewish and Zionist ideals among the estimated 150,000 Soviet Jews who emigrated to the U.S. in the past decade, and "who don't know why they're Jewish."

"In the Soviet Union few had a chance to learn about Judaism," they said. "Those of us who came to Israel are catching up, but those in America have an identity problem. They are foreign to synagogue-going, and as the Jewish communities there centre around the synagogue they are left out."

"They write home much more than we do from Israel, because they are searching, their letters get through more freely and their influence is tremendous. Through them we can influence the two million Jews still in the USSR."

The centre will also house the archives of the little-known "Cetmas" Union of Jewish Workers that was active in the Soviet Union until 1927, when it went underground following its strong opposition to the Birobidjan "autonomous Jewish Republic." Zidovetzky's father, Shmuel, was Cetmas chairman, and died in exile in Siberia.

They appealed to anybody possessing additional material on Cetmas to contact them at P.O.B. 2353, Rehovot.



Two survivors stand in concentration camp garb in front of a monument to the victims of the Nazi death camps unveiled on Saturday in the Warsaw Municipal Cemetery Powazki. The monument contains ashes of victims from several camps. (UPI telephoto)

In Jewish terror trial: Suspects said tricked into posing for pictures

Jerusalem Post Reporter

Police and General Security Services investigators tricked some of the accused in the Jewish terror trial into posing for incriminating photographs. These pictures in turn were shown to other suspects to trick them into confessions. This emerged yesterday during the continuation of the mini-trial on the admissibility of these confessions in proceedings before the Jerusalem District Court.

Sergeant major Eliezer Elharar told the court yesterday that he had accompanied the first defendant, Menahem Livni, to an apartment in Jerusalem's Bayit Vagan quarter that had been rented by another of the accused and was used to store weapons, and took photographs of him in various rooms.

The photographs were shown later to some of Livni's alleged accomplices to persuade them that he had confessed, and that there was no point in their denying the allegations against them.

Elharar also testified that he had accompanied another of the defendants, Boaz Heineman, to a site in the Golan Heights known as Hirbet Hishin where there was a cache of over 100 mines. Heineman talked on the journey of the "revival" of the Jewish people following the capture of the Old City of Jerusalem in 1967 and of the shame that the Temple Mount itself was not in Jewish hands.

Another police witness, Michael Golan, said that Heineman asked at a later stage that the demolition charges be and his associates are alleged to have assembled be kept and not destroyed because "perhaps they will be needed on another occasion."

Proceedings in the mini-trial have been suspended until Thursday at the request of the defence counsel, pending a hearing tomorrow in the High Court of Justice on a Defence Ministry order declaring material gathered by the GSS secret.

Kahane shouts at accused in Danny Katz murder trial

HAIFA (Itim). - An outburst by Knesset Member Meir Kahane, was the most dramatic development yesterday at the Danny Katz murder trial in the Haifa District Court. In an interval in the proceedings, Kahane shouted at the accused that they were "dogs," and he would deal with them, "when I achieve power."

He and his supporters left the courtroom before the trial resumed.

Ahmad Kuzli, Ataf Sabihli, Samir and Fathi Janama and Ali Janani are on trial for the murder of Katz, 15, in Haifa last December.

At the trial, the court declared the establishment of a mini-trial to decide on the admissibility of the accused's confessions and their reconstructions of the crime. Counsel for the accused have repeatedly alleged that their clients were beaten and threatened to extract their confessions.

Gaza refugee-camp resident shot in leg

Jerusalem Post Reporter

A 22-year-old resident of the Jabalya refugee camp in the Gaza District was shot in the leg yesterday after apparently refusing to stop when challenged by a police patrol.

Initial reports linked the shooting to an earlier demonstration by camp residents protesting against the destruction of 23 houses by the military authorities as part of a plan to build patrol roads in the area. Although there was tension during the demonstration and several persons were reportedly arrested, the man, Hamed Abu Nahel, was shot later when he ran from the patrol that wished to examine a parcel he was carrying.

There has been an increase in tension and sporadic violence in the camp in recent months because of the increased activity by the Israel Defence Forces and the nearby presence of Jewish settlers.

IS1 million handed over to wrong customer

TIBERIAS (Itim). - A customer at the local Discount Bank was mistakenly handed IS1 million by a bank teller yesterday. The police launched a search for the man, whose identity they said they knew.

The incident occurred yesterday morning, when an employee of the Galil Hotel came to deposit IS1m. taken by the hotel over the holiday. At a teller's request, he moved to another counter, but left the cash where it was. The first teller then gave the money to the next customer, thinking he was the hotel employee.

Fired workers block Jenin men from foundry

By DAVID RUDGE
Jerusalem Post Reporter

HAIFA. - Sacked workers of the Vulcan Foundries barricaded the factory gates again yesterday, after management tried to let in 18 Arab workers from the administered areas.

The 18, from Jenin in Samaria, have been prevented from doing their jobs for nearly a fortnight by the dismissed men. The sacked workers maintain that it is unfair for Israelis to be sacked, while non-Israelis continue to be employed.

They have made no attempts to prevent other workers at the factory - Jews and Israeli Druse - from working.

Two management officials went out yesterday to bring the Jenin men in. But the dismissed workers barricaded the gates, locking out the 18 workers and the officials.

The gates remained closed until 12:30 p.m., by which time the Jenin men had already left for their homes in taxis provided by the firm. The officials remained outside rather than face the dismissed men at the gate.

The sacked workers also invaded the offices of Vulcan's general manager, Alex Ferling, and staged a noisy demonstration in protest against the management's attempts to admit the Jenin men.

Ferling said that from the management's point of view there was no reason why the Arabs should be outside.

"We decided to ask them to come in after the Haifa Labour Council and the local works committee informed us that they are not against letting the Arabs work," he said.

Ferling said the sporadic closures of the factory gates by the sacked workers are costing the company tens of thousands of dollars. He warned that if the disruptions continue, the firm may decide to shut the factory, with more than 300 men losing their jobs instead of only the 67 laid off so far.

New police minister to visit two prisons today

Jerusalem Post Reporter

Police Minister Haim Bar-Lev will visit the two "most political prisons" in the country today. At Tel Mond he will meet with the accused in the Jewish terror underground trial, and in the prison near Kalkilya in Samaria he will meet with security prisoners who have been pressing for changes in the administration of the prison.

Bar-Lev, who is almost certain to encounter hostility in both prisons, decided last week to forbid leaves on the High Holy Days for the accused Jewish terrorists. He has come under criticism from several prominent religious authorities and right-wing politicians.

At the prison near Kalkilya, the newest in the country, he will undoubtedly encounter demands for "more humane conditions." A statement by the prisoners' lawyers issued yesterday said that "the only thing modern about the prison is the security system." The 673 prisoners, confined 14 to a room 21 square metres in size, are demanding less crowded conditions. They also demand that instead of 140 at a time being permitted out of the cells for a two-hour exercise period, 50 be released at a time "so that they can enjoy more freedom of movement," according to the statement. They also wish more copies of *The Jerusalem Post* and *Al-Anba* (the only newspapers they get). So far, one copy of each newspaper is issued to every 140 prisoners.

Prisons Service sources describe the prisoners' demands as "ridiculous," noting that conditions at the jail are "far better than at Ramle, for example," where much smaller rooms contain more inmates and sanitary facilities are sometimes makeshift.

Prisons Service spokesman Shimon Malka denied yesterday that the inmates are on a hunger strike. He said they are refusing to eat cooked meals but that the prisoners are getting a 2,200-calorie cereal each and are eating it of their own volition.

Sharon to appoint team to try to save Ata

By DAVID RUDGE
Jerusalem Post Reporter

HAIFA. - Industry and Trade Minister Ariel Sharon announced yesterday that he will appoint a committee of three experts to investigate ways of saving the Ata textile concern and the jobs of more than 3,000 workers.

Sharon's announcement came during yesterday's cabinet session when the problems of the textile firm were raised by Energy Minister Moshe Shahal.

Shahal, a Haifa resident, had promised the Ata workers he would do all in his power to help save the company.

He suggested that the government help Ata's owners, the Eisenberg family, to realize assets by the sale of land it owns in the Kourdani, Kiryat Ata and Kiryat Bialik areas.

According to Eisenberg sources, the group owns about 300 dunams of land worth about \$10 million. But there are no interested buyers.

Eisenberg says it is willing to sell the land on condition that the government pay off Ata's debts, now totalling more than \$20 m.

Shahal suggested that if all else fails, the government should use unemployment funds to keep the factory going.

During the cabinet debate on Ata, Sharon reiterated that the government cannot bail out every factory that gets into difficulties. The fact that the government is prepared to intervene in the Ata crisis does not absolve Eisenberg of its responsibility, he said.

Commenting on the establishment of the three-member committee, Prime Minister Peres reportedly said that there are plenty of experts who know the problems, but not many who have solutions.

Peres yesterday urged the Cotton Marketing Board to continue supplying Ata with cotton, although the firm owns the board more than \$500,000. Ata's cotton supplies will run out sometime tomorrow unless fresh stocks are delivered.

The firm's management yesterday urged the CMB to freeze its debts for 2-3 weeks, and said the company will undertake to make cash payments for all future supplies.

Meanwhile, a delegation from the Ata works committee travelled to Jerusalem yesterday to enlist government support in the fight to save Ata, one of the country's oldest textile firms.

Works committee chairman Pinhas Groob said the employees would take whatever steps necessary to save the company and their jobs.

Roy Isacowitz adds:

The Histadrut central committee yesterday called on the government to come to Ata's immediate aid.

In a strongly worded statement yesterday, the committee placed full responsibility for the fate of the company's workers on the Ata management and the government. It called on the Finance and Industry and Trade Ministries, the Knesset Finance Committee and the management to ensure the continued functioning of the company by a recovery programme. The Histadrut and the Haifa Labour Council must be party to the programme, the committee stressed.

Histadrut Secretary-general Yisrael Kessar said that he intended demanding the immediate intervention of Finance Minister Yitzhak Moda'i and Industry and Trade Minister Ariel Sharon in the Ata crisis.

Israeli victories at parliamentary meet

Post Knesset Reporter

For the first time in memory, a conference of the Interparliamentary Union concluded without adopting an anti-Arab resolution. Alignment MK Simcha Dinitz told *The Jerusalem Post*.

Dinitz headed the Knesset delegation to the conference, held last week in Geneva. The other members were Meir Cohen-Avidon and Ariel Weinstein of the Likud and Edna Solodar of the Alignment. The conference adjourned on Saturday night.

Western and African delegates joined forces to quash Arab attempts to exploit the Israel-Arab dispute and thus divert attention from their own failings, Dinitz said.

Israel won its first victory when the Syrians failed to get on the agenda their draft resolution assigning all the blame for the Arab-Israel dispute to Israel.

The second victory came on the Kuwaiti draft resolution - during the debate on colonialism and racism - equating Zionism with racism.

The Israeli delegation convinced six of the 10-member drafting committee (the German Federal Republic, France, U.S., Zambia, Zimbabwe, and Cameroon) to delete all references to Israel from the anti-racism resolution. That was the version approved by the political committee and the plenum.

A Soviet draft resolution declaring that equal rights for women are impeded by "colonialism, racism, and Zionism" was also amended in committee by deletion of the reference to Zionism.

Two Labour men to attend Socialist meeting in Rio

Jerusalem Post Reporter

TEL AVIV. - Labour Party delegates attending this week's meeting of the Socialist International executive in Rio de Janeiro will face a Kuwaiti proposal to expel Israel from international forums. The proposal, which stands little chance of being adopted, would also define Zionism as a racist movement.

Israel will be represented at the meeting by Yisrael Gat, head of the Labour Party's international department, and Knesset Member Haim Redmon. Gat is to address the meeting on Middle East developments.

The main Middle East address will be delivered by Portuguese Prime Minister Mario Soares, chairman of the international's Middle East affairs committee, who will report on the committee's activities. The bulk of the meeting, however, is expected to be devoted to Central American affairs.

Population 4.2 million

Israel's population is about 4.2 million as the year 5745 begins, according to the Central Bureau of Statistics. Close to 83 per cent of the population is Jewish.

While the total population grew by two per cent during the past year (5744), the Jewish population increased by only 1.8 per cent and the non-Jewish sector by 2.9 per cent.

Fifteen thousand olim came to settle here in 5744, the same number as in the preceding year.

About 100,000 births and 28,000 deaths were registered in the past year.

Oil exploration adviser

Jerusalem Post Reporter

Energy Minister Moshe Shahal yesterday appointed Alfredo Rosenzweig as his special adviser for oil exploration. The 60-year-old geologist will serve without pay.

Rosenzweig, who immigrated here from Peru in 1971, served for ten years as managing director of the Sonol fuel company.

POLICE ON RUN

(Continued from Page One)

out the conditions in which security prisoners are being held in West Bank prisons - the man gave the order to use force to stop the demonstration.

But at that point, the local Temple Mount commander used more reasonable judgement and decided to refrain from using force. Nevertheless, arrests were made although the arrested Arabs were released immediately.

Earlier last week, the man ordered patrol cars from Beersheba to proceed "as fast as possible" to Yeroham, to get pedestrians off the street. He claimed to be Negev district chief of operations. Patrol cars travelled towards Yeroham until they were called off by the Beersheba command, which got wind of the obscurely motivated order.

The man's ability to disrupt the police communications network has the emergency dispatch switchboard in a tizzy. And on Saturday, when they began cursing the man - and began quarrelling among themselves in frustration - he wasn't fazed. Yesterday morning he issued an order in Albad's name saying that all those who cursed him would be fired.

Shortly afterwards, he informed the entire police communications network that the voice they heard was God's.

The police have not found a solution to the problem. To jam the frequency would ruin their own communications. To use electronic listening devices to locate the broadcast point is extremely difficult, since the man usually comes on the air for only a few moments at a time and seems to be moving around.

In addition, there have been changes in the command personnel throughout the Southern District, including a new chief of police, which makes voices of the commanders unfamiliar to many subordinates. Thus, it is easy to fool those listening to the broadcasts.

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Peking offers Taiwan Hongkong unity formula

PEKING (Reuters). — Premier Zhao Ziyang last night urged Taiwan's Nationalist leaders to take a similar path towards peaceful reunification as that demonstrated by China's pact with Britain for the return of Hong Kong.

Zhao said China's willingness to permit the territory to keep its present capitalist system after rejoining the mainland in 1997 showed how problems between states left over from history could be resolved.

Speaking on the eve of Communist China's 35th National Day, he told a big reception for foreign diplomats and visitors that all Chinese, on both sides of the Taiwan Strait, wish to end their separation.

Of Peking's peace overtures to Taipei, Zhao said: "Our proposition of 'one country, two systems' after reunification is most reasonable."

"We are ready to start joint consultations with the Taiwan authorities and personages of all circles in Taiwan for the early realization of a way of peaceful reunification acceptable to both sides."

Zhao, who will stand alongside elder statesman Deng Xiaoping to review today's mammoth military and civilian parade through the streets of Peking, said China's political stability and unity were growing daily stronger and prosperity was increasing.

Afghan resistance offers to swap captives for Sakharov

ISLAMABAD (Reuters). — A Pakistan-based Afghan resistance alliance said yesterday it would release an unspecified number of Soviet prisoners in Afghanistan if Moscow freed dissident Andrei Sakharov.

The Islamic unity of Afghan Mujahideen (Islamic self-sacrifices) said the offer was in appreciation of the Nobel Peace Prize-winning physicist's services in science and human rights. His denunciation of the 1979 Soviet intervention in Afghanistan and his "constant criticism of the tyrannical Soviet imperialist regime."

Sakharov was banished to the Soviet city of Gorky four years ago and little information has reached the West about his conditions since May.

The alliance said in a statement it "would be happy to release those prisoners of war who are with us and willing to go back to the Soviet Union if Moscow officially announces the release of Dr. Sakharov and his wife."

No information was immediately available of how many Soviet prisoners were held by the alliance, which groups three resistance movements fighting the Soviet-backed Afghan government.

Afghan resistance groups have handed several captured Soviet soldiers over to the International Red Cross for a two-year internment in Switzerland under a 1982 agreement also involving the Soviet and Afghan governments.

Six South African dissidents seek help from embassies

DURBAN (Reuters). — Six dissidents hiding from South African police inside the British consulate in Durban yesterday appealed to four foreign embassies for sanctuary partly because they fear Britain will expel them from the consulate.

The six opponents of white minority rule in South Africa began a sit-in inside the consulate 18 days ago after escaping a police hunt.

Farouk Meer, a senior member of the Natal Indian Congress (NIC), whose leaders are among the six, told Reuters he sent telex messages to the West German, Dutch, French and U.S. Embassies in South Africa asking their governments "to provide sanctuary and every possible assistance to our comrades."

NIC officials said the appeal was made partly because of fears that Britain, accused by Meer of being "exceedingly nasty" to the six, would expel them from the consulate.

"Britain is making life increasingly difficult for the six inside the consulate," Meer said.

British Prime Minister Margaret Thatcher has pledged not to evict the five Indians and one black, but the affair has strained relations between London and Pretoria.

In London, the Foreign Office rejected any suggestion that Britain is trying to make life in the consulate difficult for the six. But it refused to speculate on what would happen to any of the six if charges are brought against them.

German local election could signal national trend

BONN (Reuters). — Voters in the German Federal Republic's most populous state went to the polls yesterday for municipal elections seen as a pointer to support for Chancellor Helmut Kohl's unruly centre-right federal coalition after two years in power.

The elections in the heavily industrialized state of North Rhine-Westphalia involved 12.5 million eligible voters.

At the last municipal elections in 1979, Kohl's Christian Democratic Union had the biggest share of the vote at 46.3 per cent.

Iraq says Teheran has massed 20 assault divisions

BASRA (Reuters). — The commander of Iraq's Third Army Corps defending the southern part of the country said yesterday that Iran had massed 20 divisions against him for what he expected to be the final battle of the Gulf war.

Major-General Maher Abed al-Rashid told foreign reporters at his headquarters on the Shatt al-Arab waterway that he expected the offensive to start within the next few weeks.

"We are fully prepared to wipe them out completely...and this is going to be the final battle before the end of the four-year-old war," Rashid said.

Diplomats believe Iran has massed over 250,000 troops in the southern sector of the war front to mount an offensive against the southern Iraqi port city of Basra.

Asked whether Iraq would support neighbouring Kuwait if the Iranians attacked across Kuwait's northern borders, as predicted by diplomats in Baghdad, Rashid said: "Iraq is prepared to defend Kuwait and all other Gulf countries in case of an Iranian aggression."

Pakistan can build H-bomb, expert says

KARACHI (Reuters). — Pakistan's top nuclear scientist, Abdul Kader Khan, said in an interview yesterday that his country could manufacture a hydrogen bomb.

But Pakistan would not do so because "we believe in the peaceful uses of nuclear capability," he was quoted as saying by a local monthly journal, *Alami Islami Digest*.

Khan said Pakistan had mastered the technique of enriching uranium in only seven years, compared with 25 years by some countries.

He said India is ahead of Pakistan in several aspects of nuclear technology, and the latter is trying to catch up as soon as possible.

Miners to fly with kids to Soviet Union

LONDON (AP). — A group of striking British coal miners were yesterday preparing to accompany more than 100 miners' children on a three-week vacation in the Soviet Union, organized and paid for by the Soviet miners' union, *The Sunday Times* reported.

The weekly said the British miners' union was willing to risk adverse comment from Conservative circles to provide a vacation in the Black Sea resort of Pitsunda for the children of families suffering serious hardship in the seven-month-old strike.

A National Union of Mineworkers' official said the visit should not be seen in a political light. "If somebody gives us an invitation from somewhere else, we will take that up too," the official was quoted as saying.

Reagan and Gromyko promise to 'stay in touch'

WASHINGTON (Reuters). — Eight and a half hours of intense talks with Soviet Foreign Minister Andrei Gromyko have opened the way to a new Soviet-American dialogue that may offer hopes of progress on arms control, U.S. officials say.

The agreement to "stay in touch" was apparently the only concrete result of Gromyko's talks with President Reagan at the White House and with Secretary of State George Shultz in New York and Washington.

Neither side has changed its position on the nuclear arms negotiations broken off by Moscow last year

and the superpowers remain far apart on a wide range of issues. But Reagan has dropped the harsh rhetoric against the Soviet Union that has characterized his political life and, after many months of virtual self-isolation, Moscow is now at least speaking to Washington on arms control.

A period is now expected in which both sides reflect upon last week's talks.

"We are going to have a more vigorous exchange" in the future, senior officials said, although the channels for conducting the dialogue had yet to be decided.

High-level contacts had long been

missing from the superpower relationship. Friday's meeting with Gromyko was Reagan's first with a senior Soviet official.

Shultz has not been to Moscow as Secretary of State and before last week had not met Gromyko since January.

Reagan told a radio audience Saturday that while the Soviets "know they will not secure any advantages from inflexibility, they will get a fair deal if they seek the path of negotiation and peace."

The statement was clearly directed to the thorny problem of arms control.

North Korea completes aid delivery to South

PANMUNJOM, Korea (AP). — In a rare friendly atmosphere, North Korea yesterday completed a promised overland delivery of relief supplies for South Korean flood victims through this truce village.

In two days of transport that began Saturday, a Communist truck convoy delivered 7,200 tons of rice, 500,000 metres of fabric and 159 cartons of medical supplies at unloading depots in Taesong Dong, just south of Panmunjom.

This was the first aid to cross the border between the two opposing sides since the partition of the peninsula in 1945 at the end of World War II.

South Korean Red Cross Secretary-General Cho Chul Hwa and North Korean Red Cross delegate Baek Nam Jun thanked each

other for a successful completion of the land delivery through mutual cooperation.

They exchanged documents acknowledging the delivery and receipt of the supplies and paraded to meet again soon for more contacts aimed at reconciliation. Cho also said he hoped the South could repay with similar aid in the future in case of a natural disaster in the Communist North.

The North Koreans took back with them 850 suitcases containing souvenirs which the South presented to about the same number of Communist Red Cross personnel and drivers involved in the delivery operation. Each suitcase contained 18 items including a radio, watch, blanket and other goods, worth about \$500.

Kingsley Seevaratnam of Sri Lanka, head of the Asia-Pacific department of the League of Red Cross societies based in Geneva, who observed the delivery, said he was impressed by the close cooperation between the two sides.

Meanwhile four North Korean vessels carrying 24,000 tons of cement arrived at the west coast port of Inchon early yesterday and began unloading at 8 a.m., the Red Cross said.

Four more ships were scheduled to arrive at Inchon, 32 km west of Seoul, last night and another four vessels were on their way for the east coast port of Pukpyong to deliver 35,000 tons of cement there, the Red Cross said.

Sikh militancy simmers as troops withdraw from temple

AMRITSAR, India (Reuters). — The withdrawal of troops from the Golden Temple, the holiest Sikh shrine, has reduced tensions in Punjab but it has not doused the fires of Sikh militancy.

Official sources said the temple handover was only a first, and mainly symbolic, step in restoring normal life to Punjab, where Sikh extremists want an independent Sikh nation.

They said hundreds of Sikh extremists were still at large and the army, which moved into the state four months ago, was likely to remain for several months.

With the temple restored to Sikh priests, the next test is likely to come

over the release of leaders of the Sikh political party, the Akali Dal, imprisoned since the army stormed the temple last June.

"Peace will be restored in Punjab only when the Akali Dal leaders are released and talks resume," the party's convenor, Prakash Singh Majitha, told Reuters. "The government must also release all Sikhs arrested who are not charged with specific offences," he added.

After a series of political setbacks ahead of elections due in three months, the successful handover of the Golden Temple is seen as a welcome boost for Prime Minister Indira Gandhi.

Khmer Rouge, Vietnamese clash again

ARANYAPRATHET, Thailand (Reuters). — Between 40 and 60 persons were killed in fierce fighting yesterday between Vietnamese troops and Khmer Rouge guerrillas, military sources at the Thai border said.

They said casualties on both sides of the battle in western Kampuchea near the border were fairly even.

The sources said a battalion-sized

guerrilla force attacked a Vietnamese camp at O'tachu, seven kilometres opposite a Thai village in the eastern border district of Aranyaprathet, and fighting raged for more than two hours.

The "Khmer Rouge" with about 40,000 fighters, are the dominant force in guerrilla coalition fighting to drive Vietnamese forces from Kampuchea.

New section for Trans-Siberian railway

MOSCOW (Reuters). — The last link of a new Trans-Siberian railway, along a route hundreds of kilometres north of the old one, was completed on Saturday a year ahead of schedule, the official Soviet news agency Tass reported.

Workers cheered as they put into place the final section of the Baikal-Amur mainline (BAM) at Balbukha in southern Siberia. Its full 3,100km. length will shortly be open to traffic.

BAM runs between Ust-Kut, 260km. northwest of the northern end of Lake Baikal, and Komsomolsk-on-Amur, 320km. northwest of the Pacific port of Sovetskaya Gavan.

Soviet officials have dubbed the railway, which involved laying track across some of the world's most difficult terrain in the frozen Siberian wastes, the "construction project of the century."

The old section of the line runs near the Chinese border and would be vulnerable in a war. The new line, begun in 1974, was built largely by thousands of volunteers from the Communist youth organization — Komsomol.

Soviet authorities say the new line will open up vast areas of Siberia which are rich in mineral deposits and until now were inaccessible, and will speed freight between Japan and Western Europe faster than ships.

Italian police in massive Mafia blitz

PALERMO, Sicily (Reuters). — A nationwide operation against hundreds of suspected Mafia members continued yesterday after a jailed leader of the Sicilian-based organization broke its rigorous code of silence, police sources said.

So far 69 alleged Mafia members have been arrested in the carefully planned operation while 366 arrest warrants have been issued by magistrates.

The raid, which began in the early hours of Saturday, completely sealed off the town of Palermo for eight hours. It resulted from precise information on more than 100 Mafia crimes supplied by a jailed clan leader, said magistrates.

Tommaso Buscetta, extradited to

Italy from Brazil in July on charges including murder and narcotics trafficking between Sicily and the U.S., gave the police a 3,000-page statement in which he detailed Mafia activities over the past 15 years.

He is the first major Mafia figure to cooperate with the authorities. Apart from the 69 arrested since Saturday, the police said, 200 of the arrests warrants were served on people already in jail.

A special Alitalia flight took 28 persons arrested in Sicily to Pisa, where police convoys took them to different prisons.

Attempts to tackle the Mafia have in the past run up against an almost impenetrable wall of silence as fear of reprisals prevented even victims

of gangland violence from telling what they knew.

Investigating magistrate Giovanni Falcone is the man credited by senior police officials with finally persuading Buscetta to speak. Falcone was given permission to fly to Rio de Janeiro for a first interview with Buscetta last summer shortly after the captured Mafia leader tried to commit suicide in a Brazilian jail rather than face extradition to Italy, police sources said.

Buscetta's testimony may throw light on two of the most serious Mafia attacks in recent years — the Palermo assassinations of Communist party official Pio La Torre and Police Chief General Carlo Alberto Dalla Chiesa, the sources added.

Sports

U.S. v Sweden in Davis Cup final

PORTLAND, Oregon (AP). — The United States rolled into the Davis Cup finals against Sweden when John McEnroe and Peter Fleming downed Paul McNamee and Mark Edmondson 6-4, 6-2, 6-3 in the climactic doubles match of the semi-final round against Australia.

The victory by McEnroe and Fleming, unbeaten in 14 Davis Cup matches, gave the Americans an insurmountable 3-0 lead in the best-of-five matches against the out-matched Aussies.

Australia, the defending Davis Cup champions, have yet to win a set, and have managed just one service break against the Americans.

The Davis Cup finals will be held in Sweden after the surprising Swedes beat Czechoslovakia 5-0 in Bastad, Sweden. As the host team, Sweden will choose the surface for the finals, to be held at the end of December.

McEnroe and Fleming, the No. 1-rated doubles team in the world, were erratic early in the match. McEnroe, who otherwise was calm and quiet throughout the match, broke his tennis racket over a metal chair after missing a shot that would have given the Americans a service break in the match's fourth game.

In Bastad, Mats Wilander consolidated Sweden's victory over Czechoslovakia by beating Ivan Lendl 6-3, 4-6, 6-2 in the first reverse singles here.

Then Henrik Sundstrom was again in fine form against Tomas Smid, who he beat 6-4, 6-4.

The final is likely to be played in the 12,000-seat Scandinavium Arena in Goteborg. The Swedes will try to get a clay surface — easily their best surface — against the Americans.

"Clay is the surface on which we have the best chance of beating the United States, but it will be difficult to put a clay court indoors," Swedish captain Hans Olsson said.

In Davis Cup zone finals, similar to that in which Israel and the USSR are engaged, Spain lead Hungary 2-1, and Chile beat Brazil 2-1. Japan has already beaten Pakistan and will be promoted next year.

In other matches, India beat Denmark 3-2; West Germany routed Rumania 5-0; Ecuador have a 2-1 lead over New Zealand.

Savvy wins

Post Sports Staff
WENTWORTH, England. — Severiano Ballesteros of Spain beat Bernhard Langer of West Germany 2-1 and one to take the first prize of \$562,500 in the World Match-Play Golf Championships yesterday. This was the Spaniard's third World Match-Play title.

The game had been hailed by the press as a "grudge fight" before it started, because of comments made by Langer about Ballesteros's style of conversation during matches, but in fact it turned out to be a very amiable event, with both players in good spirits. The Spaniard was three up at the half-way mark, but the German fought back with great determination.

One shot by Ballesteros took two bounces and landed in a spectator's pocket. The player was given a free drop.

Tigers pounce

NEW YORK (AP). — The Detroit Tigers set a club record with their 104th victory on Saturday, sparked by Lance Parrish's two-run homer that capped a five-run sixth inning, in Detroit's 11-3 victory over the New York Yankees.

New York's Dave Winfield increased his lead in the American League batting race by going 1-for-4 and a walk for a .341 average.

Elsewhere in the American League, Mike Boddicker scattered 12 hits and became the AL's first 20-game winner as the Baltimore Orioles snapped a four-game losing streak with a 6-3 victory over the Boston Red Sox.

National League
Cincinnati 4, Houston 1; Chicago 3, St. Louis 5; Los Angeles 4, San Francisco 3; 11 innings Pittsburgh 4, Philadelphia 5; New York 5, Montreal 4; San Diego 6, Atlanta 2.

American League
Baltimore 6, Boston 3; Detroit 11, New York 3; Toronto 5, Milwaukee 4; Cleveland 6, Kansas City 4; Oakland 6, Kansas City 4; California 4, Texas 3; Chicago 6, Seattle 2.



Israel Lands Administration
Tel Aviv District

Offer for Lease of Plot for Multi-Storey Construction in Bat Yam

Tender No. TA/84/78

The Israel Lands Administration invites bids for a development contract for land, details of which at the time of publication of the tender, are as follows:

Block	Parcel	Plot	Approx. area (sq.m.)	Total building % on 4 floors*	Minimum price (IS)	Deposit (IS)
7139	111	33	523	100	63,948,850	3,200,000

* In accordance with the municipal building plan, 4 storeys may be built, 25% for each storey, + with 30% of the constructed area serving as balconies. There will be a common wall with the adjoining plot. Details, sample contracts and bid forms are available at our Tel Aviv district office, 166 Derech Petah Tikva (Beit Kalka), Tel. 335433 during regular working hours. Deadline for submitting bids is 12 noon on October 31, 1984. Bids not in the tenders postbox by the above time for any reason whatsoever, will not be considered. The Israel Lands Administration does not undertake to accept the highest or any other bid.

Tel Aviv District

Offer for Lease of Area for Construction of Sport Centre and Commercial Areas in Bat Yam

Tender No. TA/84/79

The Israel Lands Administration invites bids for a development contract, for land, details of which at the time of publication of the tender, are as follows:

Block	Parcel	Plot	Approx. area (sq.m.)	Total building % on 4 floors*	Minimum price (IS)	Deposit (IS)
7128	235,240	1	18,800	105	880,529,424	40,000,000

* In accordance with Municipal Building Plan 302, the following may be built: commercial area, supermarket, indoor swimming pool and indoor sports hall. Details, sample contracts and bid forms are available at our Tel Aviv district office, 166 Derech Petah Tikva (Beit Kalka), Tel. 335433 during regular working hours. Deadline for submitting bids is 12 noon on October 24, 1984. Bids not in the tenders postbox by the above time for any reason whatsoever, will not be considered. The Israel Lands Administration does not undertake to accept the highest or any other bid.

Israel Lands Administration
Jerusalem District

Ashkelon Municipality

Owner-Occupier Construction at Ashkelon, Neve-Yam Quarter — Remaining Plots

There are 3 remaining plots in the Owner-Occupier programme published in October 1982. The plots will be allocated to the public on the basis of updated land value and development costs. Other conditions are as stipulated in the original published prospectus, and subject to the terms stated therein. Plots will be allocated to the public from 10 a.m. on October 7, 1984 on a first come first served basis. A draw will be held among those present at the beginning of registration. During the registration, to be held at the Administration office, 23 Reh. Ben-Yehuda, Jerusalem (12th floor), a \$500,000 bank cheque must be deposited. The cheque, to be payable to the order of the Israel Lands Administration, will be considered a down payment on the initial leasing fees. Further details are available at the above Administration office.

This notice valid until December 23, 1984.

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Face To Face

Like It or Not, Two Sides Share a Need For Talks

By HEDRICK SMITH

FOR a President who began his term with the warning that the Soviet Union will "lie, cheat and steal" to achieve its objectives, last week's shift in tone looked stunning. Even nonaligned diplomats were encouraged to hear Ronald Reagan appeal at the United Nations for "a better working relationship" with the Soviet Union and to declare that both sides should work "to shorten the distance" between them, especially on nuclear arms control.

And for a Soviet leadership that said a year ago it had given up on doing serious business with Mr. Reagan, it was also a dramatic turn. Andrei A. Gromyko, the Soviet Foreign Minister, shared small talk by a roaring fire in the Oval Office, then lunched with him.

But nearly four hours later, when Mr. Gromyko emerged from the White House, there was no sign of a breakthrough nor word of new substantive proposals by either side. Secretary of State George P. Shultz gave a somber report. The exchanges, he said, were "intense," "forceful and direct," suggesting an uninhibited reprise of sharp differences.

Even so, both sides obviously feel pressures for some accommodation, however gradual and limited, and high-level probing has consequently begun. With an election five weeks away, Mr. Reagan is anxious to answer the charge that he is the first President since Herbert Hoover not to meet with a Soviet leader. Moreover, the White House senses pent-up public desires for movement on arms control and uneasiness over the military emphasis of Mr. Reagan's foreign policy. Increasingly, Congress eyes the defense budget as a prime target for deficit-reduction. On the Soviet side, the unsettled leadership situation, internal economic problems, an edginess in Eastern Europe about the chill between East and West, and the high costs of competing with American technology in space all prod the Kremlin to start a dialogue.

As a prelude to his White House encounter, Mr. Gromyko met with Walter F. Mondale on Thursday, and the Kremlin strongly implied it would prefer the Democratic nominee to Mr. Reagan. Tass, the Soviet press agency, said some of Mr. Mondale's policy ideas "would open up certain possibilities" for eventual "agreements on arms reduction." No such favorable review greeted President Reagan's United Nations speech. "It is nothing but an empty vessel," Mr. Gromyko told the General Assembly. Moscow wants "deeds not verbal assurances," he said, adding that "no attempts to substitute modifications in form for the substance of a policy" are meaningful. It was a tough but fairly standard Gromyko performance, putting the blame on Washington for all deadlocks. But it was less fiery than a year ago and dropped a tantalizing hint that it is possible "to reverse the current alarming tilt in international developments."

In short, the Kremlin evidently felt the time had come to probe Mr. Reagan's intentions face to face, given the odds, reflected in public opinion polls, that he will win re-election. Within the Administration, the State Department had pushed, in league with White House political strategists, to strike for an opening while the President had strong incentive to show moderation. Some officials hoped to get Mr. Reagan moving on a track that would develop its own momentum after November.

'We recognize that there is no sane alternative to negotiations on arms control and other issues between our two nations, which have the capacity to destroy civilization as we know it.'
President Reagan



'The Soviet Union believes that it is precisely concrete deeds and not verbal assurances that can lead us to the normalization of the situation in our relations with the U.S.'
Foreign Minister Andrei A. Gromyko

What emerged was both a conciliatory speech at the United Nations and a proposal for a long-term framework of Cabinet-level meetings to give impetus to arms talks and "a new climate of policy understanding." In his weekly radio broadcast yesterday, the President said he had assured Moscow of "a fair deal" if it took the path of negotiation. In effect, Mr. Reagan was offering to restore the practice of previous Administrations, but not much more. He did dangle the possibility of a moratorium on testing American space weapons if the Soviets entered talks on that issue. (Moscow has been pressing for a moratorium as a pre-condition; the Pentagon staunchly resisted that; and the State Department suggested a middle ground to try to get talks started.)

Blunting Mondale's Attacks

Even without a breakthrough, the White House reckoned on getting political credit for the President's effort. The entire exercise deprived Mr. Mondale of a major point of attack on the Reagan record with the Russians, at least temporarily. His own meeting with Mr. Gromyko was some consolation but it had to be handled delicately. To avoid appearing to upstage the President, Mr. Mondale kept saying that "America has only one President"

and urged Mr. Gromyko to treat the President's initiative seriously. Mr. Mondale's aides also briefed Mr. Reagan's aides on his session with the Soviet Foreign Minister.

But the Democratic nominee felt no restraint on another tough foreign issue. In blistering language, he attacked Mr. Reagan over the bombing of the American Embassy in Beirut. When the President implied the fault lay with the "near destruction of our intelligence capability" in years past, Mr. Mondale bluntly accused him of an "inexcusable" attempt to pass the buck and with wrongly encouraging "terrorists and our enemies around the world to believe that we don't have an effective intelligence capacity, when we do." For the first time this fall, Mr. Reagan found himself on the political defensive and felt obliged to call Jimmy Carter to explain that he hadn't meant to blame him for the bombing.

This episode served to emphasize the importance of the Soviet meeting for the Administration. The experts, coming Mr. Gromyko's comments for diplomatic nuance, noted that he did not repeat earlier Soviet demands for the withdrawal of American missiles from Western Europe as a condition for the resumption of nuclear arms talks nor did he insist on a moratorium on testing anti-satellite weapons. Officials took comfort in his substantive

discussion of nuclear issues with Secretary Shultz yesterday and his willingness to have some follow-up meetings. After the White House session, however, Mr. Shultz was supremely cautious, saying that the President and Mr. Gromyko had agreed simply to "keep in touch." The Secretary added: "It's not the sort of thing where you agree, all right, we'll do x, y, and z."

Despite the lack of visible success, the President's new tack intrigued foreign diplomats but left them asking whether all this was a mere campaign ploy or signaled serious readiness by Mr. Reagan to make the kind of arms control compromises that his Defense Department has blocked thus far. Mr. Gromyko said he was unconvinced of any basic change and Mr. Mondale raised questions about the President's sincerity. He saw two Reagans: "The New Reagan says, 'There is no sane alternative to negotiations on arms control.' The Old Reagan called for a margin of nuclear superiority and for prevailing in a nuclear war. This Presidential sea-change raises a crucial question: How can the American people tell which Reagan would be President if he's re-elected?" The question may be bothering Moscow too. For the rest of the world, the fact that the superpowers, whatever their motives, were talking again was important in itself.

Major News

In Summary

Congress Stalled On Immigration, Other Disputes

With most members of Congress eager to adjourn and get back to their campaigning, possibly irreconcilable differences over the civil rights of aliens last week threatened to shunt the long-pending immigration bill off onto a legislative siding.

After several days of surprisingly fast-paced and productive give and take, House and Senate conferees deadlocked when Alan K. Simpson, prime sponsor of the Senate bill, balked at language in the House's version that forbids job discrimination on the basis of alien status. The conferees earlier agreed to fines and perhaps prison for employers who knowingly hired illegal aliens and to granting legal status to aliens who could prove that they had lived in this country continuously since Jan. 1, 1981, and hadn't broken any laws.

But Senator Simpson, a Wyoming Republican, said the job-discrimination provision was unacceptable, partly because it would create a new bureaucracy and might give legal aliens greater protections than citizens. Representative Peter W. Rodino Jr., Democrat of New Jersey and chairman of the Judiciary Committee, noted that the House had approved the provision 404 to 9, and

said eliminating it "would be a practical invitation to discrimination."

In the Senate, controversy over another civil rights matter delayed action on an emergency spending bill needed to keep the Federal Government in business when the new fiscal year dawns tomorrow. At issue was a conservative filibuster against legislation that would overturn the Supreme Court ruling, known as Grove City, that a law banning sex discrimination at colleges that receive Federal aid applied only to the specific program receiving the aid. Kept in the Capitol for a rare weekend session, the Senators yesterday voted, 92 to 4, to limit the debate.

Supporters of the rights bill want to attach it to the omnibus spending measure, because they have been unable to bring it to the floor separately. On the House side, there have been attachments too. When the Representatives took up their version of the emergency spending bill earlier in the week, they tacked on an authorization for more than 300 public works projects of the sort that please constituents. And through fear of being cast on the wrong side of an election year issue, House Democrats helped House Republicans also append several elements of President Reagan's anticrime package.

Enter the White House, late Friday. Mr. Reagan, who has said he would veto any catchall spending bill



Senator Alan K. Simpson discussing immigration bill last week.

that he thought was too expensive, offered to forgo the crime-fighting package so as to get a rider-free measure. After voting to limit the rights debate, the Senate passed a resolution postponing the spending deadline for 48 hours. A similar move is under way in the House, to give the legislators a little more breathing — and calculating and re-calculating — time.

Cigarette Labels With More Bite

Warning: The Congress of the United States is determined to make you feel even worse about smoking.

Last week, Republicans and Democrats put aside their differences and by voice votes in the House and Senate approved four rotating labels that would be more blunt about the dangers of cigarette smoking than the current warning, which has been used for 14 years.

Although President Reagan hasn't said whether he will sign the bill, it had the support of many conservatives usually opposed to Federal regulations. "The issue at stake is not whether the Government should tell people how to live their lives," said Senator Orrin G. Hatch, Republican of Utah. "This does not prevent any citizen from using tobacco products. It will, however, allow them to make a more informed choice."

The tobacco industry decided not to fight the bill in order to avoid the prospect of even tougher action down the road. Congressmen from tobacco states delayed the legislation last summer and managed to strike out language from the bill linking cigarettes to death. Cigarette makers were worried that the condemnatory language could have been used in liability suits. The bill does require manufacturers to report what additives their cigarettes contain; in return for the support of growers, public health groups agreed to support limits on tobacco imports.

Health officials have estimated that every year more than 350,000 deaths can be linked to smoking and that related illnesses cost billions of dollars. The current warning on packages and advertisements — "cigarette smoking is dangerous to your health" — would be replaced by labels that link cigarettes to cancer, emphysema and heart disease; warn about their effect during pregnancy; state that "quitting smoking now

greatly reduces serious risks to your health," and note that smoke contains carbon monoxide.

Egypt and Jordan Together Again

Egypt and Jordan ended a four-year estrangement last week, raising hopes for progress on moderate solutions to Middle East problems. In an Islamic New Year's telephone call to Egyptian President Hosni Mubarak, King Hussein of Jordan announced he was restoring diplomatic relations. The move could help Egypt to regain influence as an Arab leader, and open the way for Jordan to edge toward discussions with Israel about the West Bank.

King Hussein may also have been ready to move closer to Cairo and Washington in view of Israel's talk of withdrawal from southern Lebanon, the consequent United States diplomacy with Syria, and possible im-

proved Egyptian relations with the new Israeli Government. Jordan was one of 17 Arab League countries that recalled their ambassadors from Cairo in 1979 after the Camp David peace accords.

Jordan praised "Egypt's solidarity with the struggle of the Arab people in Palestine, Iraq and Lebanon" and said the two countries could prevent "our enemy" from exploiting them "one by one." Speaking for the "enemy," Israeli Foreign Minister Yitzhak Shamir hailed Jordan's decision as "a victory of the Camp David process" underlying the Egyptian-Israeli peace accord.

Western diplomats said Jordan would need Egyptian support to take up the invitation by Israeli Prime Minister Shimon Peres for West Bank discussions. Egypt and Jordan hope Yasir Arafat, the Palestinian leader who has already resumed ties with Egypt, can also be drawn into West Bank negotiations. But Israel and the United States want to exclude Mr. Arafat. Last week, King Hussein met separately with Mr. Arafat and Richard W. Murphy, the American Assistant Secretary of State, who also visited Syria.

Syria, Iran and Algeria denounced the Jordanian move. Syria backs Mr. Arafat's rivals in the divided Palestine Liberation Organization and stands to lose leverage in its own territorial disputes with Israel if other Arabs agree to separate negotiations. The Government newspaper Al Thawrah perceived "a treacherous stab in the back of the Arab struggle" and warned that "Syria will not allow a new Camp David in its neighborhood and will not tolerate Jordan becoming the center of espionage and aggression against Syria." (Setback for Syria? page 3.)

Can China keep its hands off Hong Kong?

3

The World

Argentina Gets I.M.F. Backing For Austerity

After almost a year of arduous negotiations, Argentina and the International Monetary Fund got together last week on an austerity program that is expected to bring relief to the developing world's third largest debtor. The banking world breathed a little easier but there were still big troubles ahead.

President Raúl Alfonsín has to persuade his restive countrymen to limit wage demands in the interest of curbing the money supply, reducing the budget and slowing the 1,200 percent inflation rate. I.M.F. director Jacques de Larosière, after the relatively easy task of getting final approval from his board of governors next month, must get some 300 commercial banks to go along. They hold most of Argentina's \$45 billion foreign debt. After several delays in payments, they are wary about according some \$3 billion to \$5 billion in new loans that Argentina wants.

There is hard negotiation ahead as Buenos Aires also seeks to extend a payment deadline on a \$750 million bridge loan that was due Sept. 15, then to reschedule about \$15 billion of debt falling due by 1985.

Brazil and Mexico, which each owe about \$90 billion, have also worked out accords with the I.M.F. But the negotiation in Buenos Aires



Jacques de Larosière

may have been the most delicate, given the still fragile democracy that Argentines voted into power last year. With the major labor unions controlled by the rival Peronist Party, Mr. Alfonsín balked at keeping wage increases below the inflation rate but finally came around. Whether the unions would do the same remained to be seen. A devaluation is also planned.

President Reagan's call last week at the I.M.F. meeting in Washington for a new effort to liberalize trade could also present problems for Argentina and other debtor countries, which have been practicing protectionism to hold down their trade deficits. The industrial powers in Western Europe, with high unemployment, were also unenthusiastic about Mr. Reagan's proposal while third world countries would have preferred an offer of more aid.

Apartheid Fallout In South Africa

Relations with Britain that are admittedly "worse than delicate," persistent black boycotts of schools, tension and clashes between the police and demonstrators in the black township of Soweto and elsewhere. South Africa last week continued to harvest bitter fruit from a constitutional revision that gives people of mixed race or Indian ancestry limited representation in Parliament but denies the overwhelming black majority a share of power.

For the third week, six opponents of apartheid used the British consulate in Durban as a refuge from arrest. Ostensibly in retaliation, South Africa went back on a commitment to extradite four of its nationals to Britain where they are accused of arms smuggling. British customs officials had detained them in March on a charge of violating a seven-year-old international embargo on arms to South Africa but allowed them to leave after a promise by the

South Africa Government to send them back for trial next month.

But Pretoria did not welcome the prospect of a public airing of how it carries on its clandestine arms trading. South African Foreign Minister Roelof F. Botha, who acknowledged the worsening of relations, said he believed South Africa and Britain had both had "our pounds of flesh."

Forty people are officially estimated to have died since rioting broke out a month ago. Opponents of the Government asserted the estimate was too low. To offset adverse publicity and lower tension, the authorities released six people detained in August for opposing the new Constitution and lifted a seven-year ban on the Rev. Beyers Naudé, a white member of the Dutch Reformed church, who broke with his church and its apartheid philosophy to espouse the cause of black people, with whom he worships. The ban had confined him to Johannesburg and barred him from gatherings of more than two people.

Spain Gets Help On Basques

The violent Basque separatist movement is one of the biggest problems that Spain's young democracy has had to face. Last week, Madrid was encouraged by a major shift in France's policy of allowing Spanish Basque terrorists to take refuge in the French Basque provinces.

Three Basques were extradited to Spain to face charges of killing eight policemen. Four others were expelled to Togo, in Africa. The extraditions, which were fought unsuccessfully through the courts while the suspects carried out hunger strikes in a French prison, set off further violence in Spain.

Week-long rioting and strikes in San Sebastián, Bilbao, Pamplona and other Basque centers culminated in the killing of three Spanish civil guards by a bomb in the town of Alegria de Alava.

As long as Francisco Franco ruled Spain, France looked the other way as Basques suspected of belonging to the terrorist group E.T.A. slipped across the border. With the advent of democracy after Franco's death in 1974, French authorities have been more willing to cooperate with Madrid, particularly now that fellow Socialists are in power there. In nine years, 345 Spaniards, most of them policemen or soldiers, have been killed by Basque nationalists, the Spanish Government says.

It hailed the extradition decision as "another step toward collaboration among free and democratic nations" against "the use of violence as a political tool." Basque newspapers reported an E.T.A. threat of retaliation against the French.

Violence Spreads In Manila

With the official report on the assassination of the opposition leader Benigno S. Aquino Jr. expected any day, demonstrators in Manila last week ran into stiff police countermeasures. At least 34 people were hospitalized, including a dozen with gunshot wounds, after 500 police officers dispersed 3,000 marchers headed toward the palace of President Ferdinand E. Marcos. One person died yesterday. Hospital officials said several policemen were hurt by shrapnel, possibly from demonstrators' homemade bombs.

Anti-Marcos leaders said they suspected security forces of killing 11 people whose bodies were found later. Authorities said police officers had fired into the air and that some of the dead were criminals killed in gang warfare.

The protest was directed against Mr. Marcos's 19-year rule, United States involvement in the Philippines, high prices and low wages. Leaders said they were hit hard — with water cannon, smoke bombs, tear gas and bullets — because the authorities hoped to dissuade even larger protests when the Aquino findings are released.

Mr. Aquino's brother, Agapito, said charges would be filed against police commanders. Parliament also ordered an investigation of police tactics in a different demonstration last weekend, when a few thousand demonstrators were dispersed within a block of the palace. Demonstrators accused the police of beating nuns and priests with rifle butts.

Henry Gimler and Milt Freudenheim

Verbatim: A View From Beirut

"In principle, we have denounced the bombing. But the United States naturally has to realize that nothing will protect its embassy if it persists with its current policy, no matter what precautions it will take."

Walid Jumblat, the Druse leader and leftist Lebanese Cabinet Minister, commenting on the terrorist attack on the American Embassy in Beirut.

Reagan Denies He Sought to Blame Carter for Security Lapses

Secret Budgets Become a Public Issue

By PHILIP TAUBMAN

WASHINGTON — The budget for American intelligence agencies does not usually receive great public attention. Normally watched closely only by a small group of experts, it is reviewed in secret by intelligence committees in the Senate and House, while other lawmakers are permitted to examine the figures in a specially secured room in the Capitol.

Last week, the circle of interested parties widened dramatically when President Reagan implied in a reply to a question from a student at a political rally that "the near destruction of our intelligence capability" before he took office was partly to blame for the car-bombing of the United States Embassy in Beirut 10 days ago.

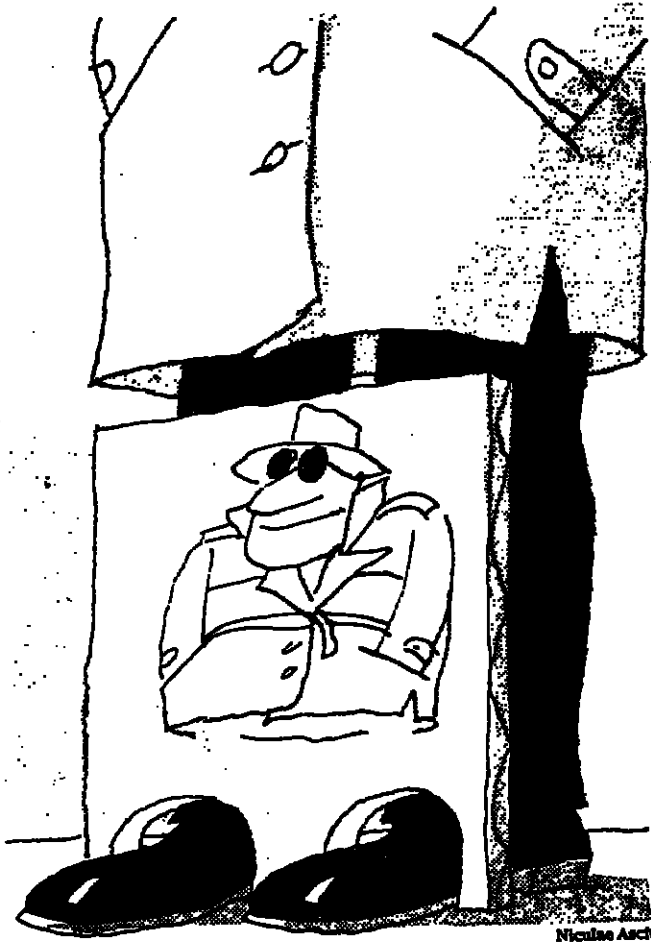
Democratic leaders accused Mr. Reagan of misrepresenting reductions in intelligence operations during the 1970's and oversimplifying the reasons for the embassy's vulnerability. Asserting that the President's comment was "personally insulting and too gross in its implications to ignore," former President Jimmy Carter demanded an apology from Mr. Reagan and got at least an explanation. The President telephoned Mr. Carter to say that he had not meant to suggest that "you or your Administration was responsible for the decline in intelligence-gathering capability" or for the Beirut bombing.

White House spokesman Larry Speakes said Mr. Reagan had been quoted out of context and had been talking about "a decade-long trend and climate in Congress." And Mr. Reagan complained to reporters about "the way you distorted my remarks."

Senator Daniel Patrick Moynihan, the New York Democrat who is vice chairman of the Senate Select Committee on Intelligence, said that the President's statement "undermines — I am prepared to say betrays — almost a decade of sustained bipartisan efforts in Congress to reconstruct an intelligence community whose budgets had run down steadily through the first half of the 1970's and began to rise sharply in the second."

The sharp exchange came as Congress was poised to approve a \$9 billion intelligence budget for 1985, a 25 percent increase over this year's and twice the amount appropriated only five years ago.

Unlike Mr. Reagan's military buildup, the rapid growth of intelligence spending has provoked little debate. The only part of the intelligence budget that has been widely discussed is Central Intelligence Agency support for Nicaraguan rebels, which has consumed about \$150 million since 1981, intelligence officials said. Last week, the Senate, which favors aiding the rebels, and the House, which does not, seemed headed for a fight over the issue as they dealt with the omnibus spending bill.



Nicholas Arco

How the C.I.A. interprets its information was also at issue. Intelligence officials said the agency's top Latin America analyst resigned in May after William J. Casey, the Director of Intelligence, insisted on revising a report on Mexico so it would support Administration policy. The former analyst, John R. Horton, said, "There is pressure from Casey on subjects that are politically sensitive to jigger estimates."

Budgetary Ups and Downs

Mr. Horton was the second Latin America analyst to break publicly with the agency this year while contending that intelligence information had been slanted on orders from Mr. Casey. A C.I.A. spokesman declined to comment on the Horton case but said there are often disagreements about "the weight given to various judgments and that's the way it should be."

There has been wide agreement that the intelligence agencies needed strengthening after the cutbacks in the 1970's. During those years, according to Mr. Casey, the agencies' work force

and budgets were cut by 40 percent. With recent budget increases, the employee total has been brought back to about 100,000.

One reason the expansion has received little notice is that, with a few exceptions, such as the construction of new buildings at the C.I.A. complex in northern Virginia and at the National Security Agency headquarters at Fort Meade, Md., the money has been spent in secret.

The largest intelligence agency, with \$4 billion to spend and more than 60,000 employees, is the National Security Agency. It is responsible for monitoring worldwide communications, in particular those emanating from the Soviet bloc, and cracking enemy codes.

The agency has hired hundreds of additional translators in recent years and acquired a new generation of sophisticated computers to sort through millions of intercepted microwave and radio messages.

Next largest is the National Reconnaissance Office, an agency in the Pentagon whose existence is not publicly discussed, which is responsible for developing and deploying spy satellites. It spends more than \$2.5 billion a year. The agency has a history of huge cost overruns, intelligence officials said. It has been the beneficiary of more than one-fourth the overall increase in the intelligence budget since 1981, primarily for satellites.

The C.I.A. is third in size but first in visibility and influence. Its budget has grown to about \$2 billion and its work force to about 19,000, from 14,000 in 1980. The added employees have been divided between the Directorate of Intelligence, which turns raw intelligence information into finished estimates for policymakers, and the Directorate of Operations, which handles the clandestine collection of information as well as covert operations.

Some experts have questioned whether the agencies can absorb all the money and new employees. Representative Lee H. Hamilton, an Indiana Democrat who is expected to become chairman of the House Select Committee on Intelligence in the next Congress, said he had "doubts whether the system can get all the information to policymakers at the right time." He added in an interview, "In a period of escalation, whenever you approve additional resources for collecting information, you have to have more analysts. It becomes a kind of unbending upward curve of funds."

Sandinistas Surprise Washington by Agreeing on Treaty



Police holding back mob that tried to attack Nicaraguan opposition leader Arturo José Cruz earlier this month in the city of León.

Managua Takes a Trick With the Contadora Card

By STEPHEN KINZER

MANAGUA — The United States, which has sought to portray its Central America policy as essentially peaceful, was jolted when Nicaragua announced last weekend that it was willing to sign a proposed regional peace treaty. The offer suddenly made the Sandinista Government seem the one anxious to take risks for peace, while the Americans were seen as equivocating by refusing to join in the draft treaty. It appeared to be a propaganda victory for Nicaragua and it caught the United States by surprise.

Some diplomats credited the Sandinistas with playing their cards skillfully and faulted Washington for allowing the so-called Contadora nations to produce a draft treaty that could be read as favorable to Nicaragua. If signed and observed by all parties, the treaty would effectively end the anti-Sandinista war by forbidding countries to allow their territory to be used as a sanctuary. This has been Nicaragua's principal goal throughout the nearly two years that the Contadora group — Panama, Venezuela, Colombia and Mexico — has been seeking a formula for peace. The United States, which has provided millions of dollars to anti-Sandinista insurgents, is not ready to support a ban on such activity.

The treaty would also require that participating countries offer amnesty to dissidents, allow free elections and "urgently promote actions of national reconciliation." But critics say these clauses are subject to broad interpretation, unlike the very explicit prohibitions of cross-border

actions. Nicaragua's neighbors remain suspicious of the Sandinistas' true intentions. Before they met for two days in Costa Rica with 12 European foreign ministers, several Central American ministers suggested that the Sandinistas would gain peace without modifying their rule.

"We have doubts about Nicaragua's sincerity as far as keeping its commitments under the Contadora act," said Salvadoran Foreign Minister Jorge Eduardo Tenorio. His Honduran counterpart, Edgar Paz Barnica, said, "Nicaragua constitutes a problem, because in that country there are no effective conditions for democracy."

Managua Did Its Homework

But the Nicaraguan move clearly won some points with world opinion. The United States had repeatedly expressed support for the Contadora process, as had almost everyone else. But Nicaragua took the details very seriously and paid close attention over the summer while technical commissions were making important alterations in the wording of the peace proposal. "The Americans let this one get away from them," a Western European diplomat said in Managua last week. "They gave up on Contadora before it was really dead. No one expected the Nicaraguans to agree to sign it, especially after they had expressed reservations about the earlier draft."

The Nicaraguan move came at an opportune moment to catch attention. In addition to the meeting in Costa Rica Friday and yesterday, the influential Socialist International was preparing to meet in Brazil. Many heads of state or government were gathered at the United Nations, where

the Nicaraguan junta coordinator, Daniel Ortega Saavedra, is expected to speak this week. Deputy Foreign Minister Victor Hugo Tinoco was in Manzanillo, Mexico, for another round of talks with Harry Schlamdeman, President Reagan's special negotiator for Central America.

Whether all this will mean practical gains for Nicaragua is questionable. Among other issues, opposition leader Arturo José Cruz, who has refused to register his Presidential candidacy as a protest against what he calls unfair election laws, was still pressing his case last week. He will attend the Costa Rica meeting as an observer and also meet with the Socialists in Rio de Janeiro this week. (A Sandinista commander, Bayardo Arce Castaño, will also be there.)

The opposition, backed by sympathetic foreign leaders, is seeking a postponement of the election date and a new set of election laws. Granting these demands would help to persuade some foreigners that the Government is serious about altering its political ways. There was apparently continuing debate among the Sandinista leadership about how far to go. Within hours of each other, Mr. Ortega said the election date was "unchangeable," Mr. Arce said it could be moved if there were "propitious conditions," and another of the nine ruling commanders, Jaime Wheelock, was quoted as telling the official news agency that the date of the election "doesn't matter."

Many in Managua are predicting that the draft Contadora agreement may never take effect. Nicaragua is considered likely to win some sympathy for its gesture, but the United States still appears unwilling to enter into any agreement with the Sandinistas that does not entail major changes in their form of government. American support for the Contadora process has always been based on the assumption that the result would embody United States goals. The current draft is apparently unacceptable to the United States and its allies in the region. The Reagan Administration is likely to try to modify it or, failing that, to continue its military pressure on the Nicaraguan leadership.

Peking Promises 50 Years of Capitalism, Perhaps With an Eye Toward Taiwan

China Cuts a Hong Kong Deal With Assurances on All Sides

By CHRISTOPHER WREN

PEKING — The surest guarantee of Hong Kong's capitalist future after it submits to Chinese rule in 1997 may be not the joint declaration that Britain and China initiated last week but the international fanfare that surrounded it.

Details had been leaking for months, but summed up in a single document, they amounted to an extraordinary promise by China to let Hong Kong's free enterprise continue unbridled for 50 years. The British Foreign Secretary, Sir Geoffrey Howe, called it a revolutionary proposition that the world's largest Communist country should be setting out to maintain perhaps the world's liveliest capitalist population.

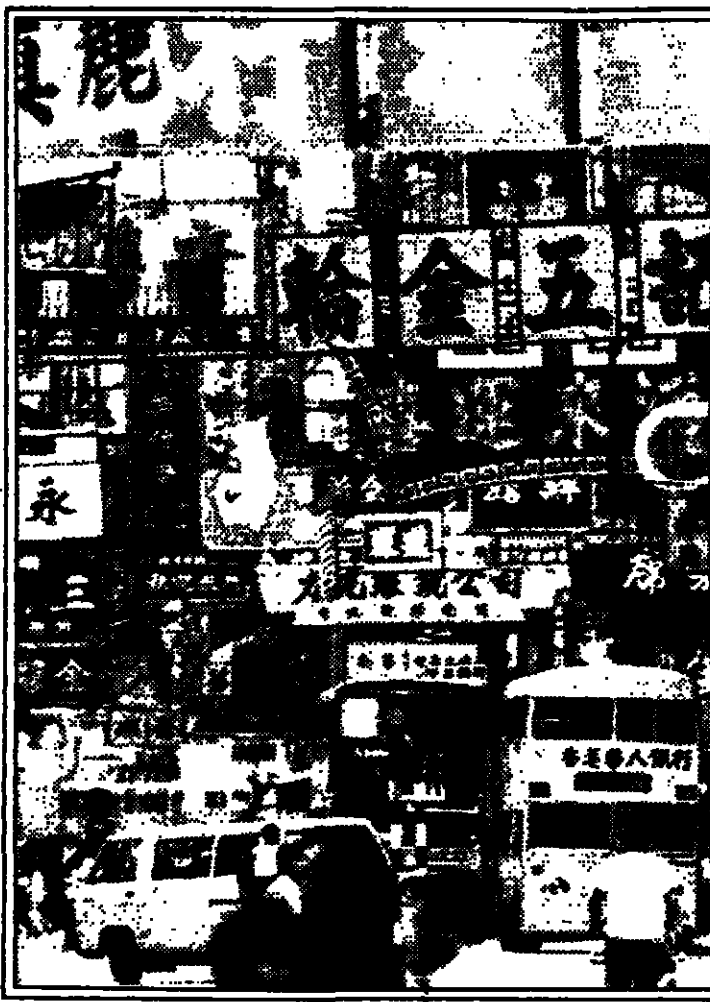
According to the agreement, China's red flag will replace the Union Jack, but Hong Kong can fly its own flag too. Queen Elizabeth's portrait will be removed from the Hong Kong dollar, but the currency will still circulate freely. Chinese troops will replace the British garrison but they will not be deployed to maintain public order. Most important for Hong Kong's five million inhabitants, freedom of speech, press, assembly, and worship, even the right to strike, will be respected.

For China, banking on world acclaim for the agreement on the eve of this week's 35th anniversary of Communist rule, the rewards were obvious. After two years of negotiations, it has gotten Britain to accept its right to Hong Kong without a struggle. By creating the precedent of a special administrative region in Hong Kong, China was making more credible its offer of similar peaceful reunification with Taiwan.

Congratulations came in from around the world, including the United States. They conferred on Peking the kind of prestige that it has sought since emerging from the reclusion of the Maoist years. China's Foreign Minister, Wu Xueqian, who was at the United Nations, predicted that "the settlement of this question will contribute significantly to the lofty cause of the reunification of our great motherland and to stability and peace in Asia."

It remained only for China to deliver on its promise not to meddle in a social and economic system that, ideologically, it should despise. In Hong Kong, the fear lingered that China, barely eight years out of its chaotic cultural revolution, could shift course again, if not premeditatedly then through the death or replacement of the grand design's original architects.

The British insisted that the accord would be legally binding, although no formal sanctions exist to keep Peking from reneging. At stake, according to a British diplomat, is China's reputation as a party that has freely entered



Kowloon, Hong Kong

Magnum/P.W. Griffiths

into the highest form of agreement that a state can legally assume. That might carry little weight after Hong Kong returns to the motherland, China is accustomed to dismissing foreign criticism as interference in its internal affairs. On the other hand, the Chinese have become hostages to the respectable image that they want to cultivate in the international community. A state lays its prestige on the line when it agrees to abide by such an agreement, another British diplomat observed.

The opinion of the people of Hong Kong is conspicuously absent from the agreement that now decides their future. It cannot be changed to accommodate their views, which are being solicited after the fact by a British office set up in the territory. But their belated support should reinforce the moral weight of the agreement.

China may need all the help it can get to keep Hong Kong's talent and capital from hemorrhaging. Many of the businessmen who make Hong Kong thrive have already explored ways to get out if things sour under Chinese sovereignty. A serious exodus of skills could leave

The tail and the dragon

	Hong Kong	China
Population (millions)	5.9	1,015
Land area (square miles)	406	3,700,000
Gross domestic product (billions of dollars)	\$28.7	\$353
Per capita GDP (dollars)	\$5,420	\$347
Total trade (billions of dollars)	\$46.7	\$41.9
Exports (billions of dollars)	\$22.3	\$22.3
Imports (billions of dollars)	\$24.4	\$19.6
Imports from China (millions of dollars)	\$5,000	
Imports from Hong Kong (millions of dollars)		\$885

Sources: Wharton Econometrics; Rock Creek Research

Peking with little more than an overcrowded island.

The friendly persuasion of countries with a stake in Hong Kong's continuing success was typified in an assurance last week by Burton Levin, the American Consul General, that the United States would continue to treat Hong Kong as a separate trading partner after 1997. Otherwise, Hong Kong's textile quotas would be merged with China's. Other countries have indicated that their investments will be based on assurances that China will protect their economic interests in the territory.

Once the glow has faded, the recovery of Hong Kong could pose some headaches for the Chinese leadership. Young Chinese, in particular, will inevitably wonder why they are forbidden the kind of freedoms guaranteed their peers in Hong Kong. And Hong Kong's influences, from its brassy television fare to disco music and mod fashions, which ideologists were attacking as spiritual pollution less than a year ago, might further erode the Marxist verities to which China at least pays lip service.

China also has some ill-wishers who want to see its one country-two systems experiment flop. They include the nationalist Government in Taiwan, which tried to upstage the joint declaration last week by offering to provide visas and housing loans to Chinese in Hong Kong who wanted to flee to Taiwan.

For all its sincerity about the accord, Peking may find that the greatest threat is its own demonstrated inability to keep hands off. Hong Kong Chinese have not forgotten how the Communists offered guarantees to capitalists to remain in Shanghai in 1949, then later took away their businesses and persecuted them as class enemies. But any tinkering with Hong Kong would discredit China's new reputation for reliability, especially now that its agreement with Britain is being held up as a model for other countries.

Lebanese Impasse and Jordanian Bombshell Add to Assad's Frustrations

Syria Receives No Laurels or Rest in Beirut

By JOHN KIFNER

BEIRUT, Lebanon — Dizzying spins of the Middle East roulette wheel have cast doubt on the chances for Syrian President Hafez al-Assad to attain his goal of being the dominant Arab power broker in the region.

Mr. Assad was riding high a few months ago. The United States had abruptly abandoned its commitment to Lebanese President Amin Gemayel in the face of terrorist attacks and a revolt by Muslim militias that shattered the Lebanese Army and gave the militias control of West Beirut. Mr. Gemayel thereupon canceled his American-sponsored peace pact with Israel and turned to Syria for vital support. Mr. Assad also had driven Yasir Arafat, the Palestine Liberation Organization chairman, from his military bastion in Lebanon. With American and Israeli ambitions thwarted by Lebanese political tribalism, Syria emerged as the force to reckon with.

But Syria's position has turned out to be not so enviable.

It is easy to make trouble in Lebanon, Mr. Assad has found, harder to make peace. Last week, with Lebanese politics as deadlocked as ever despite a 10-day convulsion of top leaders conducted under Syrian tutelage, he faced new difficulties.

Jordan suddenly announced it was resuming diplomatic relations with Egypt — ties cut by Jordan and 18 other Arab countries in 1979 after Egypt made a separate peace with Israel at Camp David. And Mr. Arafat, despite Syrian efforts to crush him, bobbed up in Amman to dine with Jordan's King Hussein, raising the prospect of a new alliance in the making. Israel, meanwhile, publicly proposed that the Americans act as go-betweens in negotiations with Syria to get Israeli troops out of south Lebanon, where they have been under almost daily attack. There were vague rumblings of a new Reagan Middle East peace initiative to follow the American elections, and Richard W. Murphy, a United States Assistant Secretary of State, was shuttling among Middle East capitals, stopping twice in Damascus.

Mr. Murphy was dispatched to the area after the suicide car-bombing of the American Embassy this month. American officials have praised Syria's "constructive" efforts in Lebanon, but the bombing raised questions about Syrian ability to control the shadowy Islamic terrorist groups that Western intelligence had viewed as Syrian proxies in the destabilization of Lebanon.

Anger at Jordan

The bitterly divided "national unity" Government of Lebanese warlords and power brokers gathered for yet another attempt at reforms that might end a decade of strife. As a start, they worked on a complex proposal for deployment of religiously acceptable army units to open the Beirut-Damascus highway and extend Government control into the mountains east of the capital. There were nightly trips to Damascus, particularly by representatives of Syria's ostensible allies, the Shiite and Druse communities, and by emissaries of President Gemayel.

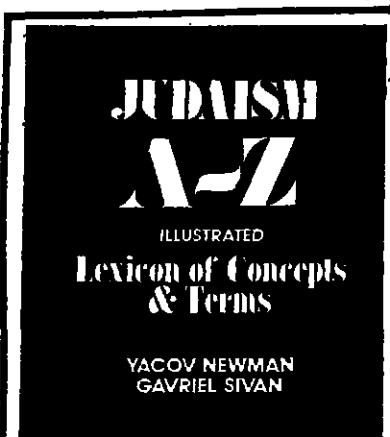
But, in the end, little seemed to have been accom-

plished. While heavily armed bodyguards and hangers-on remained in an anteroom, the men who have presided over the killing sat down together on a terrace overlooking the President's village of Bikfaya in the mountains of the Christian heartland to eat piles of grilled prawns and smoking skewers of chicken and lamb washed down with arak, the potent local drink.

The Syrians, meanwhile, were enraged at the sudden policy turn by King Hussein. Furious editorials appeared in the state-controlled Damascus press. The party paper, Al-Baath, said Jordan's move toward Egypt was "a prelude to a major conspiratorial action." Syrians spoke darkly of a convoluted plot involving the United States, Israel, Egypt, Jordan and Mr. Arafat, that would work against Arab interests.

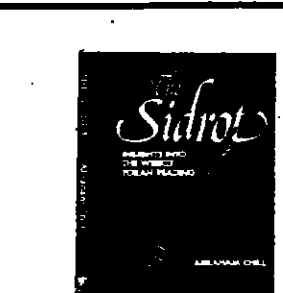
But President Assad was also meeting with Mr. Murphy, the American emissary. One topic presumably was the possibility of joint arrangements to advance the withdrawal of Israeli troops from south Lebanon. But even that prospect was greeted with mixed feelings. There were fears in Beirut that a quick Israeli withdrawal could lead to a bloodbath in the south similar to the one that followed Israel's pullout last year from the Shuf Mountains, with Shiites launching reprisals against Christians who have cooperated with the Israelis.

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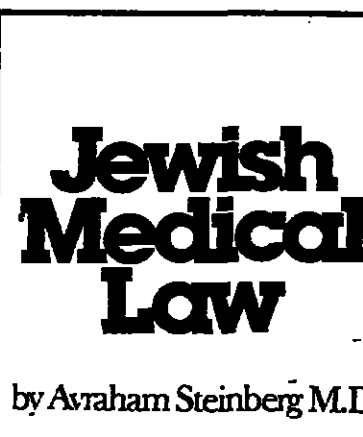
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The Nation

Mondale Presses Attempt to Dent Reagan's Armor

Hope has not been the high note at Democratic national headquarters recently. But at week's end, there were some cautious trills. The controversy over President Reagan's apparently impromptu remarks, during a campaign swing in Ohio, about the roots of intelligence and security failures in the Middle East and his subsequent explanatory telephone call to former President Carter, Democratic strategists said, could be signs that Mr. Reagan is not altogether invincible.

Walter F. Mondale had had a relatively upbeat week otherwise. Turned "Fighting Fritz" again earlier in the month after painful plummets in the public opinion polls, he opened with a paid radio address accusing Mr. Reagan of "a cynical rewrite of history" by quoting Franklin D. Roosevelt and John F. Kennedy to bolster the Republican cause. In interviews and speeches in the capital and whistledowns in the Southwest, Mr. Mondale hammered out variations of his campaign theme — "with six weeks remaining, the longer Americans think and compare, the more his ticket will gain," he said, because "Mr. Reagan is trying to tell us he's somebody he isn't."

Mondale aides acknowledged that Mr. Reagan's lead in the polls remains formidable; it has ranged between 15 points and 21 points, depending on who has been taking the tally. But they took particular pride in Mr. Mondale's speech at George Washington University, in Washington, D.C., in which he outlined his positions on the issues and charged Mr. Reagan's strategists with seeking to trivialize the election. The address, said Peter D. Hart, the Democratic nominee's pollster, "was exactly the tonic we need going into the debate" between the Presidential candidates a week from tonight.

Another debate, that over the proper role of religion and of religious figures in the campaign continued last week. Joseph Cardinal Bernardin of Chicago said that abortion is a "question of public morality" and that "politicians" "cannot" conscientiously ignore the issue or fail to take steps to restrict it. Roman Catholic leaders, while saying they are not telling anyone how to vote, have been critical of Representative Geraldine A. Ferraro's position on abortion; antiabortion hecklers have appeared at many of Mrs. Ferraro's campaign stops.

Going Generic At the Pump

There was a time when some people swore by Texaco, while others wouldn't go anywhere for their gas but the Chevron station across the street. But, thanks to the dislocations in the oil industry in the last decade and lower prices at stations that sell Brand X, consumer loyalty has begun to go the way of the unfailingly washed windshield.

Tradition faded even further last week. Thirteen oil refiners agreed to allow 55,000 to 58,000 of the nation's 180,000 service stations to sell any brand of gasoline they choose, no matter what name is on the sign overhead. The proposed settlement, which still has to be approved by the Federal judge hearing the case, grew out of a 1971 restraint-of-trade lawsuit filed on behalf of independent dealers who hold franchises from the big oil refiners.

Increased competition from "debranding," industry experts say, will push down pump prices as dealers shop around for the cheapest wholesale gasoline. "This goes a long way toward establishing the principle that a gasoline dealer is not a captive of his refiner," said Vic Rasheed, executive director of the Service Station Dealers of America. The dealers will have to mark those pumps that

are not selling their usual brand of gasoline. Some oil refiners said that last week's agreement would change little because they have allowed service stations to sell competing brands for years. Dealers, however, have contended that refiners made it difficult for them to do so.

In the suit, one of the longest antitrust cases in history, the dealers argued that since oil companies commonly trade gasoline on the wholesale market, the brand that ends up at the pumps may have been refined by a competing company anyway. The refiners said their products differ because of special additives mixed in before the retail level.

Panel Drops Hatfield Case

Lacking evidence that Senator Mark O. Hatfield had misused his office in his dealings with a Greek businessman, the Senate ethics committee last week voted unanimously to end its informal investigation.

The inquiry began last month after reports that Senator Hatfield's wife had received \$55,000 from the businessman, Basil Tsakos, when the Senator was promoting an oil pipeline Mr. Tsakos wants to build across Africa. The Senator said that the payment to his wife was for her real estate advice, not for his lobbying. Mr. Hatfield, an Oregon Republican who is up for re-election this year, subsequently asked the ethics committee to make a determination on the matter.

The panel said it had uncovered "no credible information sufficient to cause the committee to initiate a 'preliminary inquiry'" — that is, a formal investigation. The report noted that the case could be reopened if the Justice Department, whose separate inquiry is continuing, turned up incriminating evidence. Senator Hatfield said he was "extremely pleased" with his colleagues' decision. He said he regretted "any appearance of impropriety stemming from the unfortunate circumstances of such support (for the pipeline), as well as the pain experienced by my family during this difficult time."

Mine Workers Settle Quietly

For two decades, it had been as much a part of life down in the mines as the constant threat of cave-ins and layoffs; whenever their contract with the coal companies ran out, members of the United Mine Workers took off their hard hats and headed for the picket lines.

But last week miners across Appalachia and the Middle West voted overwhelmingly to ratify a new contract with the soft coal industry, thereby avoiding a strike for the first time since 1964. U.M.W. president Richard Trumka, who announced approval of the agreement, declared that his union's members "demonstrated once again that they are the shock troops of the American labor movement." That could be true, but analysts speculated that many miners voted aye because of concern that a strike might make hard times even harder. Nearly a third of the union's members are now laid off.

The agreement was signed on Friday by the union and the 32-member Bituminous Coal Operators Association. The contract covers 105,000 U.M.W. members and takes effect tomorrow. It provides, among other things, for pay increases totaling 10.25 percent over 40 months, improved pension benefits for miners and widows and a requirement that laid-off union miners be given preferred treatment when mines are leased to outsider operators.

Mr. Trumka said 3,000 union miners would begin selective strikes tomorrow against a handful of independent companies not affiliated with the Coal Operators Association.

Caroline Rand Herron and Michael Wright



Coal miners voting on new contract last week. The contract was ratified.

President's Surrogate Keeps the Focus on the Boss



Vice President Bush

On the Road, Bush Becomes The Man Who Wasn't There

By JANE PERLEZ

WASHINGTON — In just about every city George Bush visited during a four-day leisurely tour of the Middle West and Pennsylvania last week, there was an organized ritual with the local press that is fast becoming a hallmark of the Vice President's campaign repertory.

Hometown television reporters were invited to a hotel or hall where the Vice President was appearing and, backstage, granted five minutes with Mr. Bush, who, sitting in a cosy setting with his interviewers, amiably answered questions.

Mr. Bush's apparent aim in a dozen of these sessions — and his twice-daily encounters with a national press entourage that travels with him — was to not make news. Instead, in an often self-deprecating way, he attempted to all but submerge himself as an issue in the campaign and instead promoted what he regards as the good tidings of the Reagan Administration and the potential horrors of a Mondale reign.

When Mr. Bush starts to become the center of attention, as he did last week over the matter of whether he would release his income tax returns, he gets a pained expression on his face and tries to diminish the headlines as quickly as possible.

"I don't need all this," he exclaimed as national reporters persist in asking why he was the only one of the four candidates for the Presidency or Vice Presidency not to release his taxes.

Mr. Bush had asserted that the conditions of his blind trust prohibited him from making his taxes public.

Within a day, Mr. Bush had perhaps short-circuited the inquiries. He announced that his lawyers, after consulting with the Office of Government Ethics, had determined that he could, after all, release "essential information" about his taxes. Making the information public, Mr. Bush said, would be "in keeping with my longstanding personal practice of full financial disclosure which goes beyond the spirit and letter of any law."

As if to emphasize his low-key role, the Vice President told his local questioners that his upcoming debate with Geraldine A. Ferraro was relatively unimportant. "I don't think it's the Vice Presidential debate that will be the determining factor in this election," he said to an interviewer in Springfield, Ill. "We're not talking about the real debate, we're talking about a kind of glorified Sunday news show with a kind of 'Meet the Press' format."

When he meets Mrs. Ferraro on Oct. 11, he

said, he intends "to keep the focus on the top of the ticket."

Using a line that seemed to reflect some of the uncertainty he has expressed in the past about how to conduct himself in a debate with a woman, Mr. Bush said his strategy, "for better or worse, richer or poorer, is just be yourself."

Even so, Mr. Bush said he would do the "usual briefing book routine" and that he had asked Representative Lynn Martin, Republican of Illinois, to act as Mrs. Ferraro for his debate rehearsals.

It is odd for a man who has been in charge of his own business, directed the Central Intelligence Agency and represented the United States at the United Nations and in China to be flying around the country detracting from his own stature.

But his aides say he has no illusion about the limits of his job. His aim during the campaign, they say, is to be a good soldier for Mr. Reagan.

At the same time, as he did in Chicago over lunch last week, he has the chance to ever so quietly build up his contacts with state party officials for a possible 1988 Presidential quest.

Declarations of Hope

As Mr. Reagan's spokesman on the trail, Mr. Bush can get worked up on stage as he delivers speeches that in their prepared text are usually the same paragraphs reshuffled into a different order from the previous day.

The Vice President's stump speech always includes declarations of "a new optimism" and a "new sense of hope" that infuses the nation in contrast to the "malaise" of the Carter Administration.

"Peace through strength is the answer; not peace through vacillation," he told a packed crowd at the Indiana State G.O.P. dinner in Indianapolis.

Sometimes, Mr. Bush has what his press secretary, Peter Teeley, calls "some fun" with Walter F. Mondale, the Democratic Presidential nominee. Standing at the foot of a statue of Abraham Lincoln in the Illinois state capital, Mr. Bush called Mr. Mondale "a negative sort of guy."

"He's got a pained look on his face, like he needs some Pepto-Bismol," he said to some giggles from the crowd. "Or maybe he ought to call up Roger Staubach and go the instant relief route," he declared, referring to the former professional football player who plugs the antacid tablets Roloids.

Unlike Mrs. Ferraro, Mr. Bush has trouble attracting sizable crowds, although at a high school in Saginaw, Mich., where most of his audience was below voting age, he drew an audience of about 3,000 last week.

Mr. Bush was playing a role not unlike one assigned to Mrs. Ferraro. In Erie, Pa., he toured a locomotive plant and in Galatia, Ill., he inspected a coal mine (much of the walls of the mine Mr. Bush saw were spiffed up with powdered white limestone) in an effort to shore up the blue-collar vote that helped propel the Reagan-Bush ticket to victory in 1980.

And wherever he goes, he is charged with boosting the fortunes of local candidates. In Chicago, Mr. Bush set out to fire up the troops at two fund-raising affairs for Republican Senator Charles H. Percy, the chairman of the Foreign Relations Committee, who is locked in what own party's strategists concede is a neck-and-neck re-election battle with Democratic Representative Paul Simon.

General Motors Agreement Includes a \$1 Billion Safety Net for Workers

Security Heads U.A.W.'s New Agenda

By JOHN HOLUSHA

DETROIT — Owen F. Bieber, the president of the United Auto Workers, outlined the approach at a strategy meeting of local union officials in late spring: "Let's say we forget about job security and simply go for the money package. Well, we'd be suckers, because we'd have played into G.M.'s hands."

Last week, those local leaders approved by a wide margin a tentative contract with a modest wage package but a central feature — a six-year job security program, backed by a \$1 billion fund.

It will insure employment or income maintenance for any General Motors factory worker with more than one year's seniority who is displaced by new technology or the shifting of production overseas, known in the industry as outsourcing.

"Everyone in the G.M. section of our union can go to bed tonight knowing that they are not going to lose their job for at least the next six years due to outsourcing, consolidation of components or new technology," a jubilant Mr. Bieber said after the G.M. council meeting on Wednesday. "We've never had a labor agreement in this country, to my knowledge, that has provided this job security for its membership."

The agreement, which must still be ratified by the 350,000 rank-and-file union workers at G.M., is being hailed as one that gives the company flexibility to adapt to the world automobile business while providing workers with an incentive to cooperate because their jobs have been secured.

"It is a very reasonable and statesmanlike contract," said Sar A. Levitan, director of the Center for Social Policy Studies at George Washington University. "One of the problems in changing work rules is that workers in the past have lacked job security. That has been one of the factors in our lagging productivity."

Under the terms of the contract, workers whose jobs are taken by a robot or by a corporate decision to buy cheaper parts overseas go into what is known as a "job opportunity bank," underwritten by the \$1 billion fund. They will receive their full pay and benefits until another job is found for them or the \$1 billion fund is exhausted. Unlike earlier job security programs, such as that of the longshoremen, that simply paid redundant workers not to show up, the auto plan seems focused on finding new work for the displaced.

A joint union-management committee will decide whether to assign workers in the bank to retraining, to replace workers who are being retrained, shift them to another plant or put them



in what are termed "nontraditional" jobs.

An important component of the plan is an additional \$100 million to establish new ventures, some of them independent corporations, jointly selected by the company and union, and thus new jobs.

G.M. has said it plans to diversify away from cars and trucks; the job bank apparently provides a vehicle for the company to shift auto workers smoothly into other lines of business. Company officials have already hinted that as they update and automate their metal machining and stamping facilities, they may bid for work outside General Motors and the industry.

Union Concessions

The union backed away from some of its original points in accepting the \$1 billion plan, and some in the auto industry said the settlement followed the past G.M. pattern of throwing money at the union to avoid accepting principles it found onerous. The U.A.W. initially sought to place strict limits on purchases of parts from outside suppliers and prior union approval of new technology.

With the new agreement, the company retains the freedom to make or buy car parts as it

chooses and can proceed with its plans to automate its factories as quickly as the technology becomes available. The agreement specifically excludes the arrangements G.M. has already made to import as many as 360,000 small cars from Japan and Korea for sale in this country.

And the job security program will not apply to workers laid off as a result of slumps in auto sales. But union leaders say that income maintenance plans already in effect will cushion such workers.

"This contract is a pretty amazing document," said D. Quinn Mills, a labor specialist at the Harvard Business School. "This is an agreement worked out by both parties for the benefit of each other." An important, if unstated, element of the plan, he added, is the importance put on cooperation between the once antagonistic parties.

"This is a contract for people of good will to work under together," Mr. Mills said. "That is a big difference for American labor." A slightly more acerbic view was taken by Maryann N. Keller, a securities analyst with Vilas-Fischer Associates. The settlement, she said, "is a recognition that you can't build a wall around the auto industry the way the longshoremen did" around the docks.

Dogged Rockwell Bets on Reagan

The company, military-oriented and cash rich, is refusing to diversify.

By WINSTON WILLIAMS

ROCKWELL INTERNATIONAL's first B-1 bomber rolled impressively out of its southern California plant earlier this month, ending a politically turbulent 15-year gestation period. The company's Discovery space shuttle orbited the earth for six eventful days recently on its highly touted maiden voyage. Rockwell's backlog of weapons contracts has climbed to \$10.4 billion, thanks to the Reagan Administration's hefty defense budgets. And Rockwell, with \$1.3 billion in cash along with one of the strongest balance sheets in American industry, is in the process of posting its ninth consecutive yearly earnings increase.

If it were ever considered appropriate corporate behavior to bask in the glow of achievements, now would surely seem to be the time for Rockwell to do so. But the Pittsburgh-based aerospace company is still awaiting bouquets from the financial community. Instead, it is drawing brickbats from the man who helped shape it, Willard F. Rockwell Jr., and fostering a growing sense of alarm among analysts who say the company is unprepared for life after its lucrative defense contracts wind down in a few years.

"Close to half the company's businesses have a questionable outlook after 1986," says Paul Nisbet, a vice president of Prudential-Bache Securities. By then, B-1 production will have peaked and the last authorized shuttle will have been delivered. So despite the company's latest achievements, Mr. Nisbet has just issued a dour report on Rockwell's prospects.

The 70-year-old Mr. Rockwell, the son of the company's founder, was even more critical. Earlier this month, in disapproval of the stewardship of Robert Anderson, who succeeded him as chairman and chief executive, Mr. Rockwell resigned from the board.

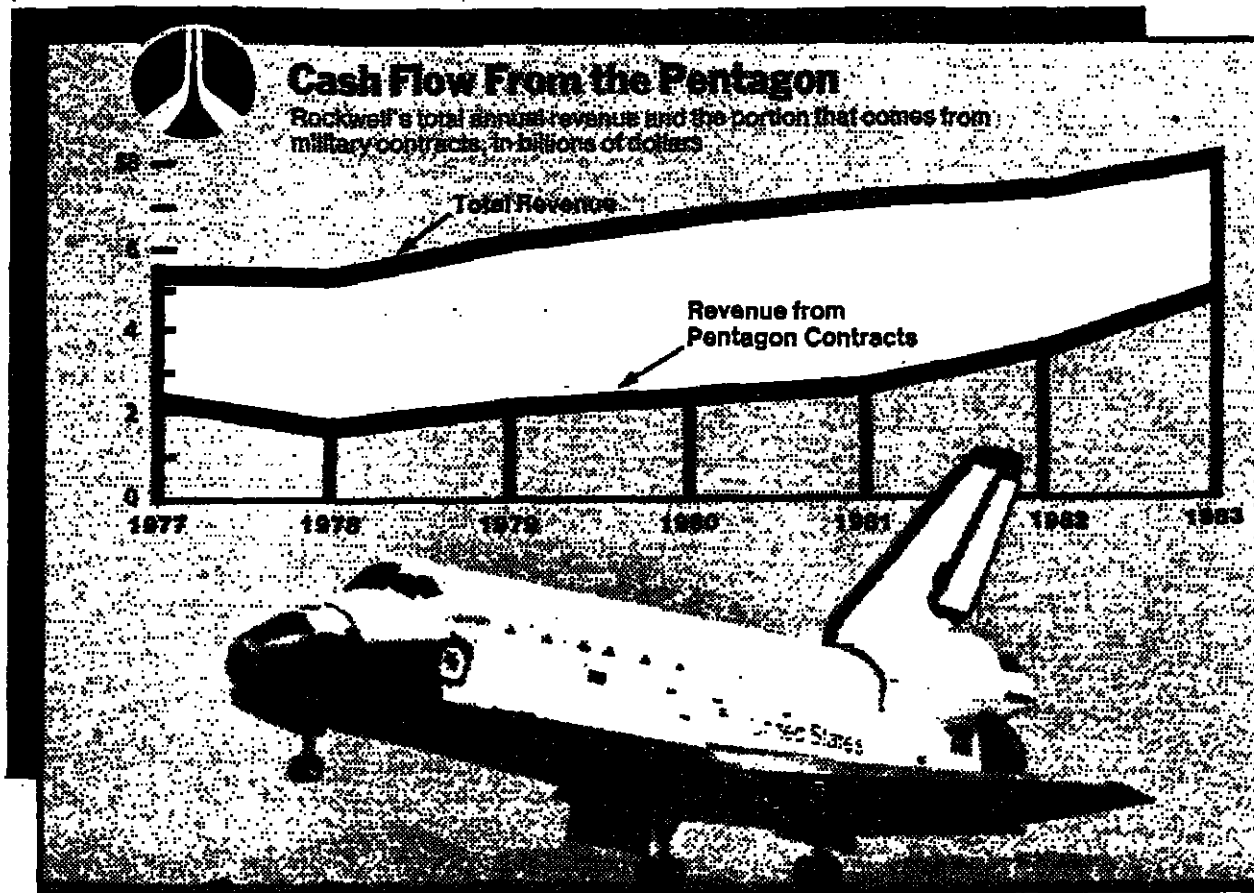
"I don't like the way they're going," he said. "The company is sitting on a billion and a half dollars in cash. I thought they were passing up too many opportunities" by not quickly making acquisitions. Too much of the company's future growth, he said, is dependent on the B-1 and on exports of military equipment.

The company has brought the early day of reckoning upon itself. In a move that has been called politically motivated, Rockwell has been speeding up production of the B-1, which now accounts for one-third of its revenues. The company reasons that an acceleration of the timetable could extend the program, rather than end it. If it were brought to a close several years before the projected start-up of Northrup's Stealth bomber program in the 1990's, that could create a military jobs vacuum, a situation that would be politically untenable, or so Rockwell's management thinks.

Despite the uncertainty that accompanies military contracts — and the cash board that the company could use to diversify out of them — Rockwell seems to be making an ever greater commitment to the Pentagon.

Since Mr. Anderson, who is 63 years old, succeeded Mr. Rockwell as chief executive in 1979, and later as chairman, his actions have loudly announced that Rockwell is moving more heavily into military and space contracts. Nearly two-thirds of the company's revenues and half its profits now come from government contracts — including work on the MX missile, the Navy's communications satellite program and the Hellfire tactical missile for the Marines.

And, Mr. Anderson insisted, that's where much of Rockwell's future growth lies. "We haven't made any big acquisitions and I doubt that we will," said the willful and hard-driving chairman, who was recruited by Mr. Rockwell from Chrysler in 1968 to run the company's brake and axle division. "Our view is that we're already in four strong businesses." In



addition to brakes and axles and the military business, they include electronics and printing presses, valves and meters.

Clearly, Rockwell is moving aggressively to win more government business. The company has set its sights on the Pentagon's next fighter aircraft. It wants to build the \$8 billion space station for the National Aeronautics and Space Administration that is to be placed in permanent orbit. If the political cards fall right, the company can expect authorization for another \$2 billion space shuttle and an order for another 100 bombers. The first 100 B-1's represent a \$25 billion investment for Uncle Sam.

Specifically, Rockwell is banking on Congress to authorize more planes before the 1986 Congressional elections because politicians would be anxious to save the jobs of the 20,000 workers in 48 states who are working on the B-1 program.

If that view proves correct, it will not be the first time that Rockwell has profited by keeping its finger in the political wind. After the B-1 was canceled, "I received strong encouragement even from Carter's Secretary of the Air Force to continue our program. We never lost confidence that the nation needed the program," Mr. Anderson says.

Rockwell lent engineers to other aerospace companies with the understanding they would return when needed. Large aluminum forgings, which are constantly in short supply, but which had been ordered before the cancellation, were wrapped and put in storage. A \$25 million engineering building in El Segundo, Calif., was completed.

The company's faith in the restoration of the B-1 program proved correct, and the temporary shutdown just reflected a cycle in the military business. In fact, Mr. Anderson says the cycle is inevitable in the military industry.

"The nature of our business is that way," he said. "It's like a small contracting business instead of an on-going business. There'll be more contracts. And we just have to be smart enough to win the business."

Mr. Anderson admits there are political risks involved in such a heavy reliance on military budgets. "I hope he's re-elected for the sake of this program," Mr. Anderson says of Ronald Reagan and the B-1.

In fact, Mr. Anderson has worked hard to cultivate strong ties to the Reagan Administration and his efforts seem to have paid off. Mr. Reagan appointed him to the Presidential Commission on Industrial Competitiveness and twice named him chairman of National United Nations Day.

"Our view is that the nation will need more of what we produce," he said. "Congress is sympathetic. The President is sympathetic."

But Wall Street is not. Regardless of what Mr. Anderson says about the company's lack of interest in diversifying, Wall Street is perplexed by Rockwell's cash hoarding and anxious for the company to make an acquisition that would clearly signal its future direction. And institutions

shun the stock because they don't understand Rockwell's product mix.

Last week, when the shares of many fellow companies in the industrial-military fraternity reached record levels, Rockwell's remained stuck in the 28 range, 7 points below the record set in June 1983. With a price-earnings ratio around 7, it is not even performing as well as most industrial stocks.

The company's decision earlier this year to accelerate production of the B-1, which had been abruptly canceled by the Carter Administration in 1977 and reinstated by the Reagan Administration in 1981, is perpetuating controversy at Rockwell. "They're taking a highly risky approach," said

is likely to stay on course, despite the crash in late August of a prototype of the bomber, used only for testing. The Pentagon attributed the crash to the plane's effort to avoid colliding with a trailing observation plane, and the accident is not expected to interrupt the production schedule.

Rockwell now expects to deliver seven planes by the end of the fiscal year 1985, up from the two originally planned. In the fiscal year 1986 the production line will turn out 32 planes (compared with 18 under the original schedule), reaching its peak rate of four a month by September. Revenues from the program will reach \$2.5 billion this year, \$3.5 billion in 1985 and \$4.2 billion in 1986, fully a third of



Willard F. Rockwell Jr.



Robert Anderson

Mr. Nisbet of Prudential-Bache. "They're shortening their decision time as to what to do next."

Under a plan laid down in 1981 for B-1 production, the first plane was due for delivery in February 1985. Now, however, it is scheduled to make its first flight before November's Presidential election. The company's plan to accelerate production

of the company's sales in all three years. Net profits from the program are expected to represent more than a quarter of the company's total.

Under Mr. Anderson, a dapper, self-confident man, whose words come rapidly between puffs on an ever-present cigarette, Rockwell's balance sheet has improved to mint condition. Long-term debt at \$229 million is less than 10 percent of capitalization. Earnings were reported up 28 percent, to \$27.5 million, on revenues of \$6.7 billion in the first nine months of the fiscal year 1984, which ends today. The dividend was raised 3 cents a share, to 25 cents a share, in June.

This year's results were buoyed by a dramatic recovery in Rockwell's axle and brake business, which is an important supplier to the surging heavy-duty truck market. Its electronic components business, which supplies avionics and communications equipment to other military contractors, is also benefiting from the growing military budget. The industrial division, manufacturer of the Goss newspaper printing presses as well as valves and gauges, has been strong also.

Mr. Anderson intends to continue riding the cycles of these volatile businesses. In fact, he is expanding overseas. There are joint automotive ventures with Fiat in Italy and with Press Kogyo in Japan. But he wants to replace maturing government contracts with more work for Uncle Sam. "We have always said we want to keep a little better balance but I don't want to give up any government contracts," Mr. Anderson said, surveying the Pittsburgh landscape from his office on the 54th floor of the United States Steel Building.

ROCKWELL will join the competition to build the next generation of fighters, a business it has not been in for several years. And with the space shuttle experience under its belt, it will be eyeing the multibillion-dollar space station that will permanently orbit the earth.

"It's easy to see that Rockwell stands a good chance of doing well with its entry for the space station," says Christopher Demisch, an aerospace analyst for First Boston. "The fighter competition is a dogfight, though. Every Tom, Dick and Harry is trying to get that." In any case, a decision is a least two years away.

Already the company has \$1.2 billion in contracts for parts of the MX missile. It produces the Hellfire anti-armor missile for the Marines, the Navy's navigational satellites, missiles for launching "smart bombs," and part of the neutron bomb. And with expertise in lasers optics and sensors Rockwell wants a sizable chunk of the "star wars" — space-based electronic warfare — business that President Reagan has been pushing, if that concept ever moves toward reality.

Rockwell AT A GLANCE

All dollar amounts in thousands, except per share data

Three months ended	1984	1983
June 30		
Revenues	\$2,365,000	\$2,068,000
Net income	132,900	107,900
Earnings per share	\$8.86	\$8.68
Year ended	1983	1982
Dec. 31		
Revenues	\$8,097,900	\$7,395,400
Net income	389,100	331,600
Earnings per share	\$2.46	\$2.11

Main Lines of Business Contribution to 1983 revenues

Aerospace	45%
Electronics	27%
Automotive	14%
General industries	14%

Total assets, Dec. 31, 1983	\$5,231,100
Current assets	3,224,300
Current liabilities	2,432,500
Long-term debt	197,100
Stock price, Sept. 28, 1984	
N.Y.S.E. consolidated close	28%
Stock price, 52-week range	33%-52%
Employees, Dec. 31, 1983	103,000
Headquarters	Pittsburgh, Pennsylvania

THE DEBATE OVER GUNS OR BUTTER

Rockwell's decision to continue investment in the defense industry was not easily made. Internal battles raged regularly over the company's military contracts. In fact, they set the stage for the departure of Willard F. Rockwell Jr. from the company that had been founded by his father.

The debate goes back to the mid-1970's, when Rockwell was suffering financial distress after a debt-financed acquisition binge that lasted almost a decade. Mr. Rockwell was ousted as chief executive but remained as chairman. Mr. Anderson, who replaced him, decided that the company's future lay in consumer products, particularly automobiles, and he set out to diversify.

A battle ensued. Mr. Rockwell thought of himself as a visionary whose stamp — and name — would be left, through consumer products, at homes and businesses throughout America. Mr. Anderson, on the other hand, rarely looked beyond the next quarter. "He's your basic bottom line," said a former employee who asked for anonymity. "He's a quarter-by-quarter earnings guy."

The clashing personalities of Mr. Anderson and Mr. Rockwell Jr. were a major factor in the company's decision to continue investment in the defense industry.

son declined a chance to acquire the Sperry Corporation's Vickers division, a highly profitable hydraulic business. Mr. Rockwell was furious that the company did not jump at the chance to reduce its dependence on Uncle Sam.

"That's his nature," Mr. Rockwell complained last week of Mr. Anderson. "He's a hired gun, not an entrepreneur." Mr. Rockwell, who once controlled a 5.6 percent stake in the company, has reduced his holding from 1.8 million shares to an inconsequential 34,000.

He resigned as chairman in 1979. Last year, after the directors voted to allow the 63-year-old Mr. Anderson to remain as chairman for three years after the customary retirement age of 65, Mr. Rockwell began contemplating his own departure from the board. "At 65 it's time to step aside and let the organization move on," he said.

Mr. Anderson said that Mr. Rockwell had not discussed his disagreements with him. But one thing is certain, he said: Rockwell will not return to consumer businesses.

"We've proved to my satisfaction that we're not good at consumer businesses," he said.

Economy

WEEK IN BUSINESS

A Supersalesman At I.B.M.'s Helm

International Business Machines named a new chief executive. He is John F. Akers, one of the company's top salesmen. Mr. Akers, 49 years old and currently I.B.M.'s president, replaces John R. Opel, 59, who will remain as chairman. Colleagues described Mr. Akers as warm and eloquent in selling but a fighter in garnering market share. Mr. Akers's toughness may come in handy. I.B.M. is already dueling with the Japanese in the big computer market, and experts predict a confrontation between I.B.M. and the American Telephone and Telegraph Company.

To meet the A.T.&T. challenge, I.B.M. announced it would buy the Rolm Corporation, offering \$1.25 billion in securities to acquire the leading maker of telecommunications equipment. I.B.M. already owns about 23 percent of Rolm, and analysts said the giant computer company would likely move quickly to exploit Rolm's knowledge of data transmission and telephone switching. One possible obstacle to a healthy business combination, experts say, is that I.B.M.'s straightlaced corporate culture might clash with Rolm's easy style.

Argentina and the I.M.F. agreed on terms of an austerity program for Argentina that could result in billions of dollars in loans from the International Monetary Fund and banks. The agreement, which capped negotiations that have been under way for about a year, calls for curbs in wage increases and money supply growth as well as for a devaluation of Argentina's currency.

Major domestic banks reduced their prime lending rate to 12 1/4 percent from 13 percent, following a similar move made two weeks before by the Morgan Guaranty Trust Company. At least two lenders, the Wells Fargo Bank of San Francisco and the Manufacturers and Traders Trust Company of Buffalo, trimmed their prime to 12 1/4 percent. Credit experts cited a decline in other interest rates, which reduces banks' cost of money, as well as sluggish demand for loans. But because the rate on Federal funds — overnight money banks trade among themselves — has been volatile, few experts would say rates are headed down.

While the economy is slowing, according to some indicators, a number of leading economists think business activity may resume its earlier fast pace. Pointing to vigorous consumer spending and resolution of key labor contracts, these economists said the gross national product, adjusted for inflation, could grow as much as 6 percent in the fourth quarter. That would be a big increase over the Commerce Department's 3.5 percent "flash" estimate for third-quarter growth. Supporting a higher-growth outlook, the Government said its index of leading indicators rose five-tenths of 1 percent in August following two consecutive monthly declines.

The markets, too, seemed divided on the outlook. Yields on Treasury securities were mixed, while on the stock market the Dow Jones industrial average inched up 4.57 points on moderate trading.



Lower prices at the pump may be the result of an agreement by major oil companies to permit service station owners to sell many brands of fuel — despite the fact that station owners' signs identify them with one brand. The agreement, the outcome of a lengthy restraint-of-trade lawsuit brought by station owners against oil companies, would permit the owners to shop around for gasoline. Any cost savings they realized could then be passed to consumers. Without admitting guilt, oil companies also agreed to pay \$25 million to service stations that operate facilities owned by the oil companies.

Former Federal Aviation Administration chief J. Lynn Helms and a business partner were accused by the Securities and Exchange Commission of diverting to personal use \$1.2 million from an issue of tax-exempt municipal bonds. In a complaint filed in Federal District Court in Philadelphia, the S.E.C. accused Mr. Helms of funneling the money to companies he owned or using it for personal expenses such as loan repayments and operating costs for his horse stable. Without admitting guilt, Mr. Helms agreed not to repeat the alleged wrongdoing, and the S.E.C. dropped its case. However, two Federal grand juries and the Justice Department are reportedly studying the case.

The Securities and Exchange Commission inaugurated an electronic filing system enabling investors to use a personal computer to get detailed information on companies. At first, the filing system will be accessible only on International Business Machines Corporation Personal Computers at the agency's public reference rooms. Eventually, however, anyone will be able to use the system from home to get such information as news on tender offers. About 1,000 companies are expected to be participating in the program by next March.

In another electronic link, Crédit Lyonnais, one of the largest banks in France, announced it had signed an accord with the American Express Company under which American Express cardholders will be able to draw cash from Crédit Lyonnais automatic teller machines. The move caused a furor, because Crédit Lyonnais was among a number of French banks that agreed earlier this year to try to establish Visa, called Carte Bleue in France, as a national credit card. The other banks in the agreement saw Crédit Lyonnais's deal with American Express as undermining this effort. The deal is the latest in a limited number of "cross border" pacts in which travelers can draw cash from foreign cash machines.

The New York Stock Exchange

MOST ACTIVE STOCKS WEEK ENDED SEPTEMBER 28, 1984				
Company	Sales	Last	Net Chng	
AT&T	9,230,300	19 1/2	+ 1 1/2	
Sony Corp	6,357,400	16 1/2	+ 3/4	
G.M.	5,207,200	77 1/2	+ 1	
IBM Corp	5,066,300	64 1/2	+20 1/2	
Bank Tr	4,830,800	49 1/2	- 1 1/2	
S Cal E	4,744,100	22	+ 1/2	
IBM	4,428,400	124 1/2	...	
Gen El	4,344,700	55 1/2	+ 1	
Ford	4,282,900	45 1/2	+ 1/2	
Exxon	4,254,900	44 1/2	+ 1 1/2	
Motril	3,848,900	38 1/2	- 2 1/2	
PacifiCorp	3,390,000	24 1/2	+ 1/2	
Pe Tel	3,230,800	64 1/2	- 1	
Ci Data	3,159,400	31 1/2	+ 4	
Chrysler	3,140,200	30 1/2	+ 3/4	

Standard & Poor's				
400 Indust	188.9	185.7	187.4	+0.49
20 Transp	140.7	136.8	140.2	+2.06
40 Financ	71.4	70.0	71.2	+0.48
500 Stocks	167.2	164.4	166.1	+0.43

Dow Jones				
30 Indust	1225.2	1192.8	1206.7	+ 4.97
20 Transp	522.3	508.4	517.8	+ 1.08
15 Util	139.8	134.1	139.1	+ 3.85
85 Comb	479.5	466.2	474.0	+ 2.82

The American Stock Exchange

MOST ACTIVE STOCKS WEEK ENDED SEPT. 28, 1984				
Company	Sales	Last	Net Chng	
Wang	1,144,900	28	- 1 1/2	
Veribit	899,000	7 1/2	- 1/2	
Gulf Oil	758,900	15 1/2	+ 1/2	
Cryot	752,400	5 1/2	+ 1/2	
DomePet	726,700	2 1/2	+ 1/2	
TIE	689,300	11 1/2	+ 1/2	
Echob	548,900	10 1/2	+ 1/2	
WDigit	512,000	8 1/2	- 1/2	
Eleint	492,500	6 1/2	+ 1/2	
DataPd	380,900	21 1/2	...	

MARKET DIARY				
	Last	Prev.	Week	Week
Advances	939	1,041		
Declines	1,054	998		
Total Issues	2,246	2,258		
New Highs	86	135		
New Lows	41	35		

VOLUME				
(P.M. New York Close)	Last	Week	Year	To Date
Total Sales	430,662,670	17,424,320,823		
Same Per. 1983	388,142,900	16,131,683,262		

WEEK'S MARKET AVERAGES				
	High	Low	Last	Change
New York Stock Exchange	112.2	111.0	111.6	-0.02
Transp	87.8	85.8	87.5	+0.71
Util	48.7	47.7	48.6	+0.50
Finance	83.4	82.0	82.6	-0.83
Composite	96.2	94.9	95.7	+0.10

MARKET DIARY				
	Last	Week	Prev.	Week
Advances	311	355		
Declines	417	384		
Total Issues	894	909		
New Highs	40	50		
New Lows	35	25		

VOLUME				
(P.M. New York Close)	Last	Week	Year	To Date
Total Sales	28,006,670	1,145,306,980		
Same Per. 1983	34,984,885	1,843,443,388		

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'I'm for Peace.' 'So Are We.'

The Reagan-Gromyko conversation that began with professions of peace at the United Nations last week appears to have culminated in an "intense" and "aggressive" exchange at the White House. Those are the adjectives Secretary of State George Shultz used in his report, and it's not hard to fill in the nouns to which they apply.

President Reagan's message to the Soviet Foreign Minister and his fellow members of the Politburo must have gone something like this:

You may think I'm stressing negotiation now to win votes, but I don't need you fellows to be re-elected. Like it or not, you'll have to deal with me and my high military budgets for another four years, and even my opponent's defense budgets wouldn't be much smaller. I have given higher priority to our buildup than to arms control because we're alarmed by the size of your forces and some of the ways you've used them.

But you're wrong if you think I don't recognize the danger of this arms race and don't yearn for real peace and reductions in nuclear weapons. I care deeply about keeping our competition under control. I want to see us cool the conflicts in Afghanistan, the Middle East, Asia and Central America and reach some solid arms-control treaties. You ask for deeds, not words, from us; I want deeds, not words, from you. We've put lots of ideas on the table. We've repaired our defenses and are ready when you are to get started again.

Nor is it hard to imagine Mr. Gromyko's equally impassioned responses:

After almost 40 years of dealing with your country, I know something about American politics and am not misled by campaign noises. But your Administration has done more than change its tone. You've said it is we who cannot be trusted to keep agreements even though it was you who rejected an arms treaty and other arrangements made by your predecessors.

You have not just criticized one or another

Soviet policy. You have threatened to try to break our economy unless we accept proposals that assure our freedom of action. You challenge our influence and friends not only in remote parts of the world but in the heart of Europe, along the lifelines for which we sacrificed so much.

We cannot renegotiate every agreement with every new American President and we cannot negotiate at all with an Administration that refuses to respect us as an equal partner. We will match you weapon for weapon and cannot be made to beg for mercy. But if equality is the goal, we are ready to resume negotiation on arms and to settle what we can elsewhere. We, too, have made proposals and have been ready longer than you.

Whatever the actual words, such attitudes underlie the Reagan-Gromyko encounter. They are sentiments that describe the essential deadlock more than they prescribe a way to end it.

One need not subscribe to President Reagan's Soviet policy to agree that the Soviet missile buildup in Europe and invasion of Afghanistan became serious obstacles to arms-control diplomacy even before he took office.

Nor need one accept Mr. Gromyko's tendentious account of the cold war, at the United Nations, to appreciate how the Reagan team's bellicosity not only disrupted diplomacy but struck the Soviet leaders as a radical departure: a renunciation of the parity that is the essential basis of any deal to stabilize the arms race.

Whether nuclear diplomacy can catch up with nuclear technology was a pressing question in 1980. Now it's a burning one. If Mr. Reagan intended to use most of one whole Presidential term merely to soften up the Russians, he has nothing to show for it. If he was warmly devoted to arms control from the start, why is it that late 1984 suddenly finds him working so hard to prove it?

The Hatfield Case: Not Closed

The Senate Ethics Committee is dropping its inquiry into Senator Mark Hatfield's dealings with a Greek businessman who sought influence to help him promote a \$12 billion oil pipeline across Africa. The only explanation given was that staff interviews had discovered "no credible evidence" to continue investigating and that a fuller report was in preparation. The Senator, though pleased with the committee action, said he would welcome that report.

So will the public, for last week's cryptic announcement is inadequate. More investigation may be unnecessary, but it's not clear from the facts disclosed so far that no improprieties occurred.

Senator Hatfield has acknowledged insensitivity to the need for proper appearances. It remains for the committee at least to state how seriously it regards such breaches. In addition, the case points up a possible flaw in the Ethics in Government Act that needs attention.

The Senator's indiscretion was to promote what he called the "concept" of an oil pipeline by introducing its sponsor, Basil Tsakos, to important Government officials. He did so while Mrs. Hatfield, a Washington real estate dealer, was accepting \$55,000 in fees for helping that businessman with housing problems. The Senator's initial statement

that his wife's fee was for finding an apartment proved inaccurate.

Neither the pipeline promotion nor the real estate transaction was in itself improper. Senator Hatfield, an able Oregon Republican with a distinguished public career, has long displayed a keen interest in foreign affairs and the Middle East. He is entitled to be heard on subjects like new routes for oil delivery.

But his actions, in conjunction with his wife's private business dealings, raised a reasonable suspicion of at least an attempt to buy a Senator's services.

Whether the committee has fully cleared the Hatfields will depend on the quality of its investigation and report. If the committee is attentive to its assignment, it will also ask whether the current financial disclosure requirements, onerous as they may seem to the officials who must make them, are detailed enough. The Hatfield disclosure listed Mrs. Hatfield's income as real estate fees in excess of \$1,000, which is all the law required.

Should the law require identifying anyone who pays a Senator's spouse \$55,000? If not, why not? Such details might better serve the law's purpose of guarding against conflicts of interest.

For Senator Hatfield no less than the public, the Senate's ethical guardians still have much work to do.

Topics

The Elder Statesman

The generation that grew up early in this century may have produced more than its share of distinguished public servants. The roll (why so many Democrats?) includes W. Averell Harriman, born in 1891, who represented America in Russia during the darkest days of World War II ... the late David K. E. Bruce, born in 1896, who was Ambassador to France, England, West Germany ... and then President Nixon's first envoy to Peking ... Clark Clifford, born in 1906, who worked in President Truman's White House and has been a landmark in and out of Government, ever since ... and Ellsworth Bunker, who died Thursday at the age of 90.

Mr. Bunker served six Presidents, starting with Truman. He was Ambassador to countries on four continents, including South Vietnam where, starting at age 73, he served during six brutal war years. In 1973, he came back from retirement to be the chief American negotiator in the wretchedly difficult talks that produced the Panama Canal treaties.

Calm, laconic and starched, he tickled his friends, from Lyndon Johnson on down, when, while Ambassador in Saigon, he married Carol Laize. That created a helpful precedent for the coming generation of two-career families: The bride was the

American Ambassador in Nepal.

Ellsworth Bunker had two careers of his own. He was a successful businessman before coming to Government service. Many able Americans serve one President or one party. There are few who so ably and truly serve their country.

Promotion Cost

The Senate hearings ten years ago on Nelson Rockefeller's nomination as the first appointed Vice President were a historic letdown. He didn't have, or didn't admit to having, as much money as people thought. Mr. Rockefeller documented his piece of the family fortune at \$179 million. An Internal Revenue Service audit raised it to \$218 million, but even that didn't compare with the likes of Howard Hughes and J. Paul Getty.

Perhaps the world will never know just how rich the Rockefellers are, but it now knows that the former Governor spent more than \$500,000 on legal fees and other costs to prepare for those hearings. That's what his estate claimed as a tax deduction, asserting that it was an ordinary and necessary expense in his line of work: public officeholder.

The problem is not one of proportion. It's easy to imagine that someone with Mr. Rockefeller's ambition would regard it as necessary to spend

a half-million to help get a job paying \$63,275. The problem lies in the meaning of the tax laws. Some expenses of looking for a new job in the same line of work are deductible. But the Tax Court, rejecting the estate's claim, ruled that there was not necessarily a relationship between the many public positions Mr. Rockefeller had held. Common taxpayers can take heart. The rules for a rich and powerful politician are the same as for a plumber. Next case.

Respectable At Last

Politicians have been known to embellish their credentials with fiction — an imagined college degree, award, oak-leaf cluster. Last spring, in the Connecticut Legislature's debate of a motion to open each session with the Pledge of Allegiance, Representative Robert Sorensen said he'd fought in Vietnam. Mr. Sorensen opposed the pledge idea but wanted to be sure everyone knew he wasn't unpatriotic.

His patriotism hasn't been questioned by his Vietnam experience has, by his opponent. Mr. Sorensen now admits his war story was untrue and has withdrawn from the race. His trespass against legitimate veterans was unfair, but it does certify one constructive change of climate: True or false, service in Vietnam is finally worth boasting about.

Letters

U.S. Public Policy on Abortion: The First 100 Years

To the Editor:

In his Sept. 20 letter, Msgr. A. V. McLees accuses Flora Lewis of neglecting to point out that "until recently abortion was illegal ... judged to be so from the founding of our nation until ... 1973."

The fact is that in the late 18th and early 19th centuries there were no specific Federal or state laws governing either birth control or abortion. The 1812 Massachusetts Supreme Court decision in *Commonwealth v. Bangs*, which held that abortion with the woman's consent before quickening was not punishable at common law, remained the ruling precedent for the first half of the century.

The evolution of American public policy on abortion in the 19th century was closely tied to the efforts by physicians to professionalize the practice of medicine. They believed the lack of abortion laws gave an unfair advantage to their "irregular" competitors. Thus originated the effort to criminalize abortion a hundred years after the founding of our nation.

The first statute dealing with abortion was passed in Connecticut in 1821, and it still preserved the woman's common-law right to treat suspected pregnancy by any means, before quickening. An 1830 New York law criminalized abortion after quickening, except to preserve the life of the mother.

Public policy on reproductive choices in 19th-century America apparently owed little to the activities of organized religion. Through the end of the Civil War, religious publications generally avoided the issue, and some even ran advertising for abortifacients. The only exceptions were isolated comments by Roman Catholic leaders.

However, even in the early history of the Catholic Church abortion was punished as murder only if it was performed after the soul became "animated" — a time set at 40 days after conception for males and 80 days for females (with no explanation of how

fetal sex was to be determined). In 1588, Pope Sixtus V declared all abortion murder at any stage of pregnancy, but three years later Pope Gregory XIV revoked all ecclesiastical penalties for abortion before 40 days of gestation. And finally, in 1869, Pope Pius IX declared that the Catholic Church would regard abortion at any stage as murder.

In the latter part of the 19th century, physicians — whose motives varied from a desire to advance scientific medicine to a belief that abortion was morally wrong to frank opposition to new roles for women — intensified their campaign to outlaw abortion. Not until the end of the century did anti-abortion laws exist in every state except Kentucky, where it had been outlawed by the state court.

The point is, of course, that abortion has not in the past been considered immoral by the great majority of civilized people. Its outright prohibition is a relatively recent development. **DOLORES CASELLA**
Baldwin, L.I., Sept. 20, 1984

When the Soul Enters

To the Editor:

I would like to submit a religious viewpoint on abortion that perhaps is not well known. According to my training (I am a Sikh), the soul of a human enters the body on the 120th day after conception. With this understanding, there is a period when no "moral" issue about abortion exists.

RAVI TAJ SINGH KHALSA
Chandler, Ariz., Sept. 20, 1984

Aquinas's Test

To the Editor:

In the recent controversy between Governor Cuomo, Representative Ferraro and some Catholic theologians on the one hand and the bishops on the other, St. Thomas Aquinas, the outstanding philosopher-theologian of

the church, has been mentioned as an advocate of pluralism and an opponent of the imposition of all religious views on secular politics.

A more important aspect of St. Thomas's views on the abortion question has been overlooked. He believed that the soul entered the fetus at the moment of quickening, when the fetus began to move inside the mother. He therefore believed that abortion was perfectly licit before that moment arrived. This, of course, would validate nearly all the abortions that are taking place today. There is no better evidence that Catholic theological views are scarcely a monolith, even on the abortion question.

MURRAY N. RUTHERFORD
Las Vegas, Sept. 18, 1984

One-Ounce Persons?

To the Editor:

Burke J. Balch [Op-Ed Sept. 20] is critical of Mr. Cuomo, Mrs. Ferraro and Mr. Kennedy for making statements concerning abortion that violate their religious beliefs. He correctly frames the question of whether or not abortion is a public policy issue by basing the answer upon whether or not the fetus is a human person.

But he then begs the question by assuming that religious people, such as Mr. Cuomo, Mrs. Ferraro and Mr. Kennedy, must necessarily believe that a one-ounce fetus with very undeveloped organ systems is a person. Many of us who consider ourselves religious, with a firm belief in the God of the Judeo-Christian tradition, do not hold that belief.

Certainly, at some point, probably well before birth, the fetus should, legally as well as ethically and morally, be considered a human being. But not at one ounce (approximately three months' gestation).

EDWARD L. PARSONS, M.D.
Clinical Assistant Professor
Cornell Medical Center
New York, Sept. 21, 1984

Liberation Theology In Sandinistas' Service

To the Editor:

Thomas Sheehan, in his Op-Ed article on liberation theology (Sept. 16), claims the Vatican overestimates the place of Marxism in liberation theology and misunderstands the various currents of Marxism. His first claim leads me to wonder how seriously he has read or listened to the liberation theologians.

As for the second, the only example he cites of the applications of Marxism that differ with Lenin and Stalin is the thinking of Cesar Augusto Sandino in Nicaragua. This is perplexing since Sandino left a large body of material in his own words indicating he was not a Marxist (unless one wants to stretch things to consider his brief fling with Syndicalism).

That Sandino was not a Marxist is, in fact, accepted by the Sandinista Front, which recognizes that this is a contradiction it must resolve if it is to practice Marxism-Leninism in Sandino's name.

This whole issue would not be of great importance if liberation theology had remained an arm-chair undertaking — something using Marxism as its "tool of historical analysis," as Mr. Sheehan claims.

But in Nicaragua the advocates of liberation theology are part of the power structure. They helped the Sandinistas come to power, not just by condemning the human rights abuses of the Somoza regime, as the bishops did, but by teaching Marxism to Christian youths and organizing them for guerrilla actions. Now these same priests have embraced a Government project that is, by almost any political scientist's definition, based on Leninism.

There may be those who argue that Nicaragua is not what liberation theologians envision. But Nicaragua is the first real test case, and its reality is that liberation theology is the primary tool by which the Sandinistas hope to consolidate their control over a Christian people.

If liberation theologians in general do not approve of this, why do they pour into Nicaragua to advise and praise?

CHANEY WALSH
Coral Gables, Fla., Sept. 19, 1984

Save the 20-Cent Stamp

To the Editor:

I have heard with some dismay that the Postal Service is again thinking of raising the cost of postage on first-class mail. There must be some way to avoid this.

Letter writing is becoming a lost art, but it is still one of the most human means of communication, and surely we should do whatever we can to encourage it.

Would it not be far wiser — and perhaps more lucrative — if the cost of bulk mailing were raised? The burden would then fall on corporations, which are more capable of bearing it — and might even be discouraged from drowning us in a sea of printed and largely unread material. This would also save paper and lighten the mail carrier's load.

TED FAGAN
New York, Sept. 21, 1984

The Times welcomes letters from readers. Letters for publication must include the writer's name, address and telephone number. Because of the large volume of mail received, we regret that we are unable to acknowledge or return unpublished letters.

Ties That Won't Change Their Stripes

To the Editor:

I was amused to find "Infidelity: How Wives Fight Back" on your Sept. 17 "Style" page. Is infidelity in style these days? But reading on, I was



amazed to discover that one of the "classic warning signs" of infidelity is a change in direction, between breakfast and dinner, of the stripes of the guilty man's tie.

Intrigued by this, I put on a striped tie this morning. I don't ordinarily

wear ties, being a university professor (tenure means never having to wear a necktie), but I thought a field test was in order. Despite three dalliances during the day, I was unsuccessful in getting the stripes to change direction.

My wife, however, did wonder what I was doing in a striped tie at dinner time. She hadn't noticed me at breakfast.

JONATHAN KING
Ann Arbor, Mich., Sept. 17, 1984

To the Editor:

There appears to be a story not yet fully told in the tale of the husband whose tie stripes reversed direction between breakfast and dinner.

Extensive experimentation on my own part over the course of the past quarter hour leads me to conclude that there is no way the stripes of a given tie can be reversed — even if one wears the tie upside down or backside out. So I am left to wonder:

Was the wife simply hallucinating, and if so, was the husband wrongly confronted? Or did the husband, in his malevolent cunning, deliberately alternate opposite-striped ties so as to force his wife's awareness of the affair?

EDWARD W. ZIMMERMAN
Summit, N.J., Sept. 18, 1984

America's Anti-Armageddon Satellites

To the Editor:

I read with interest Tom Wicker's column on "Weapons in Space" (Sept. 14), but there are some points with which I would like to take issue.

First, Mr. Wicker and the scientists he uses to buttress his arguments imply that we must protect the "sanctity of space"; we must resist new militarization of space. This is the heart of the appeal.

However, as Harold Agnew, as quoted by Mr. Wicker, accurately points out, "any missile ... can very readily be programmed to detonate at a point in space with ... [great] accuracy." Mr. Wicker concludes from this that we already have an implicit ASAT capability and therefore can stop right now.

The more appropriate conclusion — and, I suggest, what Agnew probably had in mind — is that ballistic missiles currently numbering in the thousands are themselves space weapons. Unfortunately, space is militarized and has been so since the mid-60's, when it was recognized that the best delivery system for nuclear weapons was into, through and down from space.

We can all wish it were not so, but we cannot afford to indulge in wishful thinking now that it is.

Mr. Wicker's analysis of satellites, of warning and of stability is somewhat more misleading.

He asserts that high-altitude satellites are critical to deterrence and that low-altitude satellites are not.

High-altitude satellites equipped with sensors to detect the launch of ballistic missiles do provide us critical warning of an attack under way. However, the attack they warn us of is irreversible and will commence within minutes. Under these circumstances, warning can be used only to decide whether or not to order retaliation before enemy weapons arrive.

What does give us crucial warning that could result in reversible decisions, negotiations and prevention are precisely the low-altitude satellites.

These reconnaissance satellites will provide the tip-off to a potential attack days and perhaps weeks before such an attack could be launched. This is the time when Armageddon might be averted. Low-altitude satellites are not only vital to deterrence, they are our only non-weapon shield against nuclear war.

Unfortunately, Mr. Wicker is correct when he says that low-altitude anti-satellite weapons are with us, and in so many potential forms that verification is virtually impossible. Space weapons, like it or not, do and will exist. Our challenge is to protect our warning satellites.

To the extent that arms control contributes to the process, fine. But the risk of deception and deterrence failure mandates a prudent course of self-protection as well.

PETE WILSON
U.S. Senator from California
Washington, Sept. 18, 1984



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WASHINGTON | James Reston

Gromyko's Hard Line

The main thing about the Reagan-Gromyko talks in New York and Washington is that they took place. They broke the ominous silence that existed between the two nuclear nations, with at least agreement that everything was at risk but that nothing had been irretrievably lost.

Mr. Gromyko took a very hard line in his private talks as well as in public. Diplomats who had observed him for years in Moscow felt that he seemed freer now to speak for his Government and to vent his own anti-Western prejudices.

At 75 he is remarkably active, though his mouth is twisted, as if he had suffered a stroke. Nevertheless, he not only gave Secretary of State Shultz all the time Mr. Shultz wanted, but he saw the Chinese Foreign Minister for six hours. This was the first time the Foreign Ministers of the

two largest Communist nations had met since 1969, and here again Mr. Gromyko apparently took an unyielding position.

His 75-minute speech at the United Nations was a curious document — actually two different speeches. The first part was a mixture of bad history and bad manners, blaming the United States for all the turmoil in the world since the last world war. The second part was nostalgia for the days when the U.S. and the Soviet Union fought together against Hitler, and it was highly supportive of the principles of the U.N. Charter.

In contrast, President Reagan's speech to the General Assembly was singularly lacking in his anti-Soviet rhetoric of the past, but his private talk with Mr. Gromyko was officially described as being forceful and direct, signifying no tangible progress.

Reagan's new tone draws Soviet skepticism

One official said, nevertheless, that the Reagan Administration would give the Soviet Foreign Minister's remarks "the Kennedy treatment." This was a reference to the time in the Cuban missile crisis when President Kennedy received two communications from Nikita Khrushchev — one aggressively intimidating and the other vaguely reassuring, or at least hesitating. Mr. Kennedy ignored the

first and answered the second, which led to a compromise.

Administration officials are conscious of the fact that many delegates at the U.N., including the Russians, are skeptical of President Reagan's more conciliatory attitude toward Moscow, regarding it as an election tactic.

One American official, while conceding that Mr. Reagan's intentions were being questioned, observed that the President was so far ahead in the election that he had no need of talks with the Russians for political purposes.

His change of attitude toward the Russians was not as "sudden" as the press made out, this official said, pointing to Mr. Reagan's speeches before the U.N. General Assembly of June 17, 1982, and Sept. 26, 1983, as well as his television address of Jan. 16, 1984.

The official line now is that the President intended all along to change his tone if not his policy once his rearmament program enabled him to "negotiate from strength."

This, of course, is precisely what bothers Mr. Gromyko. "All we hear," the Soviet Foreign Minister told the General Assembly, "is that strength, strength, and above all strength is the guarantee of international peace. In other words, weapons, weapons and still more weapons."

President Reagan sought to indicate to him that in nuclear arms talks, including talks on "the militarization of space," the United States "would consider what measures of restraint both sides might take while negotiations proceed."

According to officials at the U.N., this was a phrase written by Mr. Reagan himself, differing from the State

and Defense Department drafts, to imply that the United States might postpone its military space plans if Moscow reopened the other arms negotiations.

There seems to be little hope, however, of serious progress in the weapons field before the November election, but conversations could take place in other fields.

For example, 1985 will mark the 40th anniversary of the end of the last world war and the signing of the Charter of the United Nations. As allies in that war and founding permanent members of the U.N. Security Council, both the Soviet Union and the United States could begin planning now to celebrate these events.

Mr. Reagan and Mr. Gromyko talked about "a new beginning." The old one in the U.N. Charter 40 years ago wasn't bad. □

As Burger Continues, His Court Becomes Unstable

By Benno C. Schmidt Jr.

Warren E. Burger, who begins his 18th term tomorrow when the United States Supreme Court convenes, will soon become the 20th century's longest-serving Chief Justice of the United States. The irony of his situation is that the longer his continuity of leadership, the more unstable and divisive the Court over which he presides.

The most historically minded of all Chief Justices, Warren Burger doubtless sees in his length of service alone important values of judicial stability that hark back to the 19th century. From 1801 to 1910, there were only five Chief Justices, and for 84 of those years only three. In the tenures of its Chief Justices, and other ways, the Court has felt the 20th century's tendency to fragmentation. The first half of this century saw six Chief Justices. It was not until 1963, when Earl Warren began his nearly 16-year tenure, that any 20th century Chief Justice carved out a period of extended hegemony. As Chief Justice Burger, who is 77 years old, adds to the renewed tradition of continuity, he shows no signs of diminished zeal for the office.

But the continuity and stamp of identity on the Court that Chief Justice Burger wants to personally has proved increasingly elusive in his Court's performance. This Chief Justice, who is more committed to effective Court administration than any predecessor, save William Howard Taft, and who trumpets the values of stability, predictability and finality in judicial decisions, presides over the most fragmented, bitterly divided Court since the New Deal, one in which drift and division have subordinated distinctive constitutional themes.

The Burger Court has largely operated in the Warren Court's shadow. History will judge Earl Warren to be one of the two, possibly three, greatest Chief Justices. More than any Court, the Warren Court grasped and elevated the fundamental constitutional themes at the heart of our distinctive conceptions of justice. More than any Court, it galvanized America's sense of enduring values, purpose, progress.

To the Warren Court was given the magnificent challenge of confronting the fundamental contradiction in the Constitution: its grim legacy of racism. Even after the foundation for racial justice was put in the Constitution by the 13th, 14th and 15th Amendments, after the Civil War, there ensued almost a century of dreadful constitutional pretense, even schizophrenia, as the promises of an end to servitude, of nondiscrimination and of the right to vote were left in cynical neglect.

The Warren Court cast this demon out. No one can doubt that it was Earl Warren who led the Court, in the seminal 1954 school desegregation decision, to speak with the unanimity, august simplicity and dignity that was necessary to carry the day in the face of White House passivity, Congressional opposition and massive resistance in the South. Yes, groundwork had been laid by some predecessors, especially Chief Justice Charles Evans Hughes, but the simple truth is

Benno C. Schmidt Jr., who served as a law clerk to Chief Justice Earl Warren in 1966 and 1967, is Dean of Columbia Law School.



that Earl Warren, and the unanimous Court he nurtured, gave us, in the school desegregation and later decisions striking down other racial discrimination, the most crucial contribution any Supreme Court has ever made to the justice and legitimacy of our constitutional order.

The end of constitutionally sanctioned racism released an era of idealism and energy in our constitutional development. The Court led the way by pursuing conceptions of equality and individual dignity into the disgraceful inequities of our criminal-law process and into entrenched areas of privilege and exclusion in politics. The Court ushered in an era of tolerance in expression and political belief in breaking the momentum of anxiety and persecution of the McCarthy era.

The Warren Court included a number of Justices of rare personal distinction. There were Hugo L. Black, whose eloquence and grand constitutional convictions have hardly ever been equaled in the Court's history;

the brilliant, caustic Felix Frankfurter; John Marshall Harlan, whose prodigious labors and attention to craft in the face of enveloping blindness was heroic; the passionate, eccentric civil libertarian William O. Douglas. A great achievement, for which Earl Warren can claim the major responsibility, was that, at least after Felix Frankfurter's departure in 1962, the Court maintained harmony, mutual respect and a strong sense of institutional purpose against the centrifugal forces of rapid constitutional change, strong personalities and differences of conviction.

The Warren Court's legacy has proved more durable than most of its proponents would have dared hope in the wake of Chief Justice Warren's retirement. There was the failure of Lyndon B. Johnson's last-minute effort to make Abe Fortas Chief Justice and, shortly thereafter, Mr. Fortas's ignominious resignation. There was Richard Nixon's law-and-order campaign in 1968 and his cynical effort to downgrade the Court with two appoint-

ments utterly lacking in distinction (I do not refer to the able Clement F. Haynsworth, whose treatment by the Senate was irresponsible). There was the fear that Warren E. Burger's vocal criticism of some of the Warren Court's landmark criminal procedure decisions exemplified a broad antipathy to the Warren Court's activist constitutional jurisprudence.

But after 15 years, the most significant feature of the Burger Court's

The Warren Court's legacy soon may wane

work lies in how far it has maintained, and in some ways even extended, the Warren Court's legacy. The Burger Court has largely maintained the Warren Court's momentum toward racial justice, even as problems have gone beyond defining the scope of rights into the more difficult territory of fashioning effective remedies. Chief Justice Burger himself wrote the great opinion upholding the necessity of busing as a remedy for school segregation; he also upheld Congress's power to set aside a certain portion of Government contracts for minority-owned businesses. He joined in the Court's important extension of equality principles to strike down gender discrimination, and even joined in the most controversial decision of the past 15 years: recognizing broad rights of reproductive autonomy for women that invalidate state prohibitions on abortion during the first six months of pregnancy. In the area of freedom of expression, rights of the press have been on the whole extended and major new cate-

gories such as advertising and political spending have been brought under the First Amendment's mantle. It is in criminal procedure that the Burger Court has departed most significantly from the Warren Court, but even in this area the basic rights of counsel for indigents and protection against self-incrimination have been maintained. The exclusionary rule in search-and-seizure cases has been the major focus of difference. But despite differences, and the Burger Court's struggle to wash its hands of the increasingly regional problem of capital punishment, generally the Burger Court is seen as essentially carrying on the Warren Court's legacy.

This conventional wisdom, however, is showing signs of strain. Even where the results of Burger Court decisions are not so different from those of the Warren years, overall impressions of the two Courts are strikingly different. The Warren Court tended to assert the great constitutional values it advanced, not pragmatically, not in a balancing framework, but with sovereign scope and confidence. The Burger Court, as my colleague Vince Blasi points out, has tended to refine constitutional principle in a highly pragmatic, compromising and context-bound style marked by fine-spun distinctions and asserting no deep-seated vision of constitutional values. In the process, Burger Court decisions have become the most fragmented in our history, with differences increasingly expressed in rancorous tones. The collective, deliberative element in the Court's work seems to be overwhelmed by the rush of cases and the pressures of individual differences. Now, Justices even take to the hustings to carry on the dispute that has marked their judicial opinions. Impressions from within the Court suggest that Warren E. Burger's relations with his colleagues have not been a mitigating force against these tendencies to division.

Moreover, in several areas the Burger Court recently has staked out decisions sharply at variance with the Warren Court's philosophical premises. Where national security has conflicted with free expression, the Burger Court has virtually reversed the Madisonian privilege to criticize government. Apart from their First Amendment implications, these decisions have been so oblivious of the usual principles of orderly legal procedure and separation of powers that the Court seems to be telling us that all bets are off where national security claims are involved. As for religious freedom, the last two years have seen a marked turn toward upholding Government support for religion.

In this critical time for the Burger Court, the shadow of a fast-approaching future falls across the Warren Court's legacy. The next President almost certainly will make three or four appointments, maybe more. If Ronald Reagan is re-elected, a President with the most reactionary constitutional conceptions we have seen in a long time can fashion the Court in his own image to a degree that no President has enjoyed since Franklin D. Roosevelt's second term. If this happens, Warren E. Burger may yet preside over a Court whose main significance lies in not demonstrating the staying power of the Warren Court's legacy. □

IN THE NATION | Tom Wicker

The Two Germanys (2)

Soviet fears manifest in the aborted Honecker trip

many to counter them.

Nor, in the opinion of officials in Bonn, did Moscow believe Mr. Honecker had such cataclysmic hidden purposes. There's no "Polish problem" in East Germany, one of the most loyal Soviet allies; and no "Rumanian" disposition to follow a separate foreign policy. Instead, it's believed in Bonn that the Russians put the quietus on the Honecker visit for reasons that

suggest as much about the Soviet Union itself as about increased exchanges between the two Germanys.

Moscow is irritated, to begin with, that East Germany's interest in trade and other contacts with West Germany have continued after Bonn's decision to accept deployment of American Pershing 2 and cruise missiles — a decision bitterly opposed by the Russians. And that interest results in part from an economic situation that surely has Moscow worried.

The Soviet Union remains dependent upon grain imported from the West; lately its crude oil production has declined, so that it has had to cut back exports and raise the price to other Communist countries. For these and other economic reasons — the widening gap, for instance, between Soviet and Western technology — the Russians cannot meet the economic needs of their allies.

Thus, East Germany has good reason to trade with West Germany; the latter, for example, now ships part of its own imported oil to East Germany. Intra-German trade is particularly important to the Berlin regime, because it needs the imports, and can pay for them with exports rather than with hard currency — of which East Germany is so short that it requires each visiting West German to change at least 25 deutsche marks a day.

So Moscow's prestige and influence in East Germany is declining at least marginally as the latter's economic dependence on the West rises. Throughout Eastern Europe, in fact, the Russians have cause for worry — owing to economic needs they can't fulfill, and to resentment at their deployment of short-range missiles to counter the new NATO missile forces. Not only are these SS-20s and SS-23s unwelcome reminders of war; they

also require the stationing of more Soviet forces in Czechoslovakia, East Germany and elsewhere.

With the Soviet leadership in doubt and likely to change at any moment, moreover, Moscow could not allow the other Eastern European countries to think it couldn't or wouldn't stop Mr. Honecker's visit, particularly since the ideas of "pan-Germanism" and "revanchism" tend to panic those countries. Officials in Bonn believe that, in putting a stop to the visit, Moscow feared Eastern Europe's perception of it more than any actual consequences.

Not that the Russians don't have reason to fear continuing exchanges, however limited, between the two Germanys; at the least, a West German deputy suggested to me, those exchanges are bound to make the East German regime "more German," if not yet less Communist. □

One of the strangest aspects of the division of Germany and Europe into Communist East and democratic West is that East Germany — one of the most repressive of the Soviet satellites — is blanketed by West German television.

It's hard to measure the impact, but West German officials recently interviewed in Bonn consider it significant. East Germans tuned into West German news programs are among the best informed people in any Communist country, something that must subtly influence Government policy. Perhaps more important, East Germans get a clear view of the richer standard of material life in the West; that puts pressure on the regime to provide better living in the East — which it's hard pressed to do.

Viewer ratings are believed to be higher in East Germany than in the West; and in one area West German

television did not at first reach, the East German regime had to arrange for the broadcasts to be seen, to combat the absenteeism caused by people visiting elsewhere to watch them.

This bizarre situation is one of many developments between the two Germanys to which Moscow, as one official in Bonn told me, is "allergic" — so much so that Erich Honecker, the East German Communist leader, has just been forced by Soviet pressures to cancel what would have been the first official visit between East and West Germany.

Mr. Honecker, contrary to much discussion elsewhere, was not going to Bonn to negotiate the reunification of Germany, or anything approaching it. To do that, he'd have had to negotiate his country out of Communism and the Warsaw Pact, and himself out of a job; and even if he should entertain such strange ideas, the Russians keep 20 divisions in East Ger-

Film

Bizet Would Recognize This New 'Carmen'

By ROBERT GOLDBERG

Stocky and broad-shouldered, the director is as powerfully built as his films. He sits up in his study, with a view that skirts over the rooftops of Rome straight across to Saint Peter's. The room is overrun with books. They line the walls, cover the desk, and spill into stacks four and five high on the tables. "Look here," says Francesco Rosi, striding over to a bookcase. "I'm going to show you my secret."

It was in the early 1960's that Mr. Rosi emerged as a major voice in the Italian cinema with such brutally direct films as "Salvatore Giuliano" (1962) and "Hands Over the City" (1963). His gritty social critiques earned him the Golden Lion at Venice, the Golden Palm at Cannes, and other international awards throughout the 1960's and 70's. But in 1982, he turned to something radically different — bringing "Bizet's Carmen" to the screen. Last March, the film opened in Europe to an enthusiastic French and Italian press; now it has

Robert Goldberg is a freelance writer with a special interest in the arts.

opened in New York to similar reaction.

Carmen — the Spanish gypsy of Georges Bizet's opera who captivates and destroys men — has been more seductive than ever these days. Perhaps that's because the fiercely independent woman appeals to this generation or perhaps because the libretto entered the public domain in 1980. Whatever the reason, there have been Peter Brook's streamlined, mythic stage and screen version of "La Tragédie de Carmen," Carlos Saura's flamenco film "Carmen," and Jean-Luc Godard's "First Name: Carmen." In the middle of this Carmen boom comes Mr. Rosi's movie, a filmed version of Bizet's opera, sung not spoken.

For his "Carmen," the 61-year-old director assembled an impressive array of international opera talent: the tenor Plácido Domingo as Don José, Ruggero Raimondi (the Don of Joseph Losey's "Don Giovanni") as Escamillo, and an earthy American, Julia Migenes-Johnson, as Carmen. Lorin Maazel, the former music director of the Vienna State Opera, conducted the score. And Antonio Gades, the choreographer of the Saura film, worked on the dance for Rosi.

Despite such collaborators, Mr. Rosi — who is by no means an opera aficionado — was forced to ask him-

self, "Would this kind of film appeal only to the opera fanatics?"

"I see it as addressed to a much wider audience than that," says Mr. Rosi, running his hand along a shelf of books, searching for a title. "The story of Carmen, the music, has such power, that even people who don't like opera will be captivated. Plus Carmen, she is a very modern

woman, a woman with a great beauty, a great dignity in her freedom."

Mr. Rosi had turned down previous offers to direct operas, and to this day, even after completing his film, he believes "it is contrary to the spirit, the rhythm of cinema to make a movie of an opera." He pauses, pulling down a heavy black leather-bound volume from the shelf. "Not many operas could ever sustain a film. Only a few — 'Otello,' 'Madame Butterfly,' 'La Bohème.' 'Carmen' permits it because it's so dynamic. It enters into the street — the stage is too narrow. It has a music that demands images, demands more breathing room."

The project was born when Daniel Toscani du Plantier, the managing director of Gaumont, the French film company, came to Mr. Rosi in late 1981 and offered him "Carmen." The company had previously produced the screen adaptation of one opera, "Don Giovanni," and Mr. du Plantier wanted to do another. He was impressed with Mr. Rosi's reputation, his fluent command of French and Spanish and by his 1985 film on Spain and bullfighting, "The Moment of

Truth." For Mr. Rosi, the offer came at an opportune moment. He had been toying with the idea of a musical film: "Actually, I wanted to make a movie set in present-day Naples in musical terms. I wanted to have contemporary music, with the great Neapolitan composer Roberto di Simone. I still haven't given up on that idea."

Mr. Rosi accepted Mr. du Plantier's offer. "This is the toughest film I ever made," he says. It was the preparation, 18 months in all, that was so difficult — memorizing the score, scouting the locations in Spain, and above all, hunting for images to bring the music to life. With a 10-year-old record of "Carmen" conducted by Lorin Maazel playing over his headphones, he would sit up in his study and block out the film, synchronizing image and music. Then he met Mr. Maazel and explained his ideas, long before any recordings were done. He even rehearsed some scenes with the actors before they recorded their parts, so that when it came time for the taping, the singers had settings and moods firmly in mind. This is quite unlike some other filmed operas where directors have been forced to work around previously completed recordings.

"Lorin Maazel was really intelligent," Mr. Rosi says. "He understood that I wanted to treat the music almost as if it were a soundtrack. He recorded each singer individually, one by one, so we could mix noises of life, noises from the street, in with the music."

Because of this extravagant recording procedure and because of the general lavishness of the production — shot exclusively on location in Spain, the film lasts 152 minutes and is the entire Bizet opera, without cuts — it cost \$6.5 million, reportedly the most expensive film Gaumont has ever made.

Although unswervingly faithful to the opera's libretto, "Carmen" nonetheless bears the stamp of Mr. Rosi's visual imagination. There are such touches as the corrida, the deadly bullfight that frames the film, and serves as a metaphor for José and Carmen; lush photography by Pasquellino De Santis, and slow-motion and freeze-frame work. All of these serve as little visual arias to open and close each act — as befits a director who is always dwelling on "the power of the image."

On the subject of inspiration, Mr. Rosi says he ignored most of the more than 30 previous "Carmen" films. Indeed, it was Otto Preminger's offbeat 1954 "Carmen Jones" that interested Mr. Rosi most, more for "the spirit of liberty that Preminger's Carmen expressed" than visually.

"Look," says Mr. Rosi. He sits down and opens the 800-page book on his knees. "You'll understand everything without asking." The title page falls open: "L'Espagne" by Baron Charles Davillier, Paris, 1874. Drawings by Gustave Doré. "I found it in Paris, on one of my trips." As he

turns to page after bookmarked page, the drawings leap from the text onto the screen: "Cigarreras au travail" — the women of the tobacco factory chattering away, clustered around a long thin table. "La Corrida" — Escamillo, smoothly turning to the side as the bull comes bearing down on him. "Les Danses Espagnoles" — Carmen, up on a table in a tavern, stamping out a flamenco beat.

"I don't think it's a realistic film, but the social context in my 'Carmen' is much stronger than in the theater," Mr. Rosi says. "I wanted to give a little extra, to capture the cultural realities of Spain, and the myths they live by — the myth of the virility of men, as in the bullfight, and the almost pagan worship of Mary by the women, as in the Semana Santa procession."

He sees Carmen not as a magical temptress or a femme fatale, but rather as "a woman like the others, with just two differences: first, she is



Julia Migenes-Johnson in "Bizet's Carmen"

a gypsy, an outsider, and second, because of that, she has a taste for freedom, the right to decide for herself."

"Carmen" may share the same penchant for cultural realities, but it is still quite a leap from Mr. Rosi's previous films. Strong and uncompromising, his early movies were so blunt in exposing the corruption and poverty in his native Southern Italy that, despite their fictional storylines, they were often called "documentaries."

His next movie, Mr. Rosi hopes, will be a cinematization of "Chronicle of a Death Foretold" by his friend Gabriel Garcia Marquez. Mr. Marquez has long been wary of screen adaptations of his writings, but Mr. Rosi won him over with his enthusiasm for the work: "It's a discourse on death. It's the story of a crime of honor, but that's just a pretext — a pretext to discuss the responsibility of men."

Mr. Rosi has already written the screenplay, aided by his longtime collaborator, Tonino Guerra. Mr. Marquez himself was not involved in the movie script: "He knows that the book is the writer's, the film is the director's."

Arts & Leisure

Out of Prison and Into Movies

By LAWRENCE VAN GELDER

Twelve years ago," Anzac Wallace was saying, "I would rather have punched you than talk to you."

Mr. Wallace, a full-blooded Maori who is the star of the New Zealand film "Utu," was discussing his life — a life that sounds like a movie waiting to be made.

At the age of 41, Mr. Wallace looks back on a childhood of theft and other crimes, on 14 years in prison, on a powerful role in a bitter labor dispute that catapulted him into an unexpected career in movies that has made him something of an international spokesman for his people — and, of course, his is a tale with a love story, too.

"Utu" describes a Maori rebellion against European settlers in the 1870's. It is Mr. Wallace's first film, and in "Utu" — the title refers to a Maori concept of honor — he portrays Te Wheke, a Maori scout for British-led troops who turns against the Pakeha — the Europeans — and leads the bloody uprising after witnessing a massacre of innocent Maori villagers.

The film, whose opening in New York to generally favorable reviews coincided with a major exhibition of Maori art at the Metropolitan Museum, has served to focus attention on New Zealand's Maori history and population, about 300,000 of the country's 3 million inhabitants.

"Utu," I think, has many parallels to today's life, particularly the life I've led," Mr. Wallace says. "I have always been a very aggressive person, very much like the character of Te Wheke."

As a result, "I found the part quite easy to play," he says. "I don't say that it was enjoyable, but it was very easy for me to portray an angry man."

The movie — depicting excesses on the part of both the Pakeha and the Maori — embodies a call for reconciliation, which Mr. Wallace firmly supports, though not without a trace of bitterness. "We now have Pakeha in New Zealand," Mr. Wallace says, "and many of us feel we can't do without Pakeha. So we strive to cooperate, we've tried to get on. We are asking that the Pakeha recognize some of our traditions, recognize that we have jumped the fence and sort of learned their culture, if you can call it a culture."

"We recognize also that our culture has been taken away from us forcefully, our language has been destroyed through the education avenues. Even my own parents were strapped or caned — they were punished for speaking the language," says Mr. Wallace, who had to be coached to speak his Maori lines in "Utu."

"We are just recognizing that we retain our language and encourage those who have drifted or lost their language to get back to it, that while we've been so willing to learn the English language and the English customs, they have not made too much of an effort to come and learn ours."

Among these Maori ways, he says, is the belief that to go to jail is to disgrace the family name. So, he says,



Anzac Wallace as a Maori warrior in "Utu"

"I changed my name out of the blue. My father told me if I got out of jail again, change my name." That was the origin of Anzac Wallace, although the name on his birth certificate, he says, is Norman Pene Rewiri.

Four years after leaving prison for the last time, Mr. Wallace found himself as a union chairman in the 13th month of New Zealand's longest-running industrial dispute, involving construction workers on the Mangere Bridge over Manukau Harbor in Auckland.

Geoff Murphy, the director of "Utu," who was looking for someone to play the role of the fierce yet scholarly Te Wheke, saw Mr. Wallace in some documentary film footage that showed him chairing a union meeting.

"He liked what he saw," Mr. Wallace says, "and after some consultation with Don Blakeney [the executive producer and co-producer] and others, I was invited to audition. It was all a big dream. I've never been a moviegoer, and when I say it was a dream to be offered a job in a movie, I'm the sort of person who says 'prove it,' and so three days into the film I still wasn't sure I had the part."

Shooting began, he says, on April 19, 1982 and was finished eight weeks later. "Utu" went on to become New Zealand's official entry at the 1983 Cannes Film Festival, and Mr. Wallace was launched on international celebrity. He had come a long way from Auckland, where he grew up.

"It's hard to say if it was middle class or not," he says of his background. We were the only Maori family resident of an elite area. I was brought up with a knife, fork and spoon, and that's how I ate our Maori food while everybody else was eating with their fingers and thoroughly enjoying it."

Mr. Wallace was one of nine children of a wharfie — a waterside worker — and the youngest of the four boys. "All through my life," he says of those days, "I'd know only violence in the home and no love."

"There was a lot of competition in my family for love, and all the material things had to be sort of fought for — stolen; and so I started my

crime career with the contents of the milk bottle, but not with the white stuff, but with the silver stuff that jangled. They call it money. From the milk bottle, I progressed to bikes and from bikes to cars." At 14, he was expelled from school for smoking and not long afterward was dispatched to a Borstal for theft.

"Borstal training," says Mr. Wallace, who spent part of his recent visit in New York speaking before prisoners on Rikers Island, "introduced me to other people of like nature but with far greater experience, and they introduced me to other things, like housebreaking."

"And each time I went away, I'd come out with a few more loyal friends, I felt, and still do feel, but had gained a lot more knowledge about crime activities. So eventually I was introduced to explosives and firearms, and my situation outside hadn't changed at all."

"So it wasn't long before I had a shotgun in my hands and was holding a totalizer agency [an off-track betting parlor]. Once I realized my offense was as serious as it was, that the consequence was going to be jail for a long time, I involved myself in other crimes, one or two of which I would prefer to forget. But I was sentenced to prison for six years for the armed robbery."

It was then — at Paremoremo, New Zealand's only maximum security prison, where he spent three-and-a-half years in virtual solitary confinement, that Mr. Wallace's life began to change. He was, he says, in the process of "discovering myself."

"I started the discovery inside, and asked myself why I was here, and realized that one of my biggest problems was the inability to relate to other people," he says. "I was illiterate. I was very angry. I had grudges. I had great big chips on my shoulders."

Despite his isolation, he says, "I managed to con a couple of the screws to smuggle me pages of dictionaries and magazines. I taught myself to read. I taught myself to write. I played acted. I was the audience and the performer. Without a telephone, I taught myself how to converse on a telephone. Without a microphone, I taught myself to speak publicly. Without a typewriter, I taught myself to type. Without a native, I tried to teach myself how to speak Spanish. And without a punching bag, I couldn't fight. I found I was actually transferring that aggression into words."

But when he came out of prison 10 years ago, he was still bitter. "I felt resentful toward authority, Pakeha, and became a warriorlike person on the streets. It was about three months of terror for a lot of people. I soon learned, too, that it was getting me nowhere and probably gave me a passport to jail again and started to temper my violence."

Mr. Wallace went back to his old school and arranged to talk to the students about the consequences of crime. After six months, "I felt was getting stale," he says, and abandoned his lectures. He worked on construction jobs for a while and then was hired as a foreman on the Mangere Bridge project, which led to his film career.

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Project Renewal concept applied to industry Getting workers to exchange the colour of their collar

By DAVID KRIVINE
The job facing Israel today is to shift to manpower from the public services industry. That is what the economic recovery programme is all about, and the World Assembly of Young Jewish Leadership can help achieve it, according to Shlomo Halevi, a young Israeli businessman and member of the assembly.

Speaking to *The Jerusalem Post* last week, he expressed strong scepticism about the government's chances of dismissing large numbers of civil servants. "The resistance is too great, it won't work," he says.

The way to solve the problem is to attract people to industry. This can be done in two ways: first, by changing the traditional image inherited from the days of the smokestack plants. The factory labourer no longer has to be a grease-monkey, toiling amid dirt and noise.

"Growth is in the high-technology sector, which has an altogether different atmosphere. Its workplaces are like offices, with wall-to-wall carpeting," Halevi explains.

Secondly, he advocates training programmes of 6-12 months for civil servants wanting to acquire industrial skills.

They would continue to receive full civil service wages during that period, and when they join the staff of a manufacturing firm they would be entitled to an open-ended loan. After two years of employment half of the loan would become a grant, and after five years it would all be grant.

What can the Young Leadership organization contribute to all this? They should be made privy to the challenge of creating a new industrial labour force. They should take a part in creating job opportunities for those new applicants - by helping to expand the country's industrial facilities.

World Jewry is already committed to Project Renewal. Let the young leadership group initiate their own form of Project Renewal, focussed on the expansion of the industrial training programmes (aid to Orit schools, scholarships, technician courses for demobilized soldiers); expansion of engineering facilities in the universities; expansion of industrial parks for science-based enterprises; and the creation of such enterprises through private investment, Halevi suggests.

The Young Leadership Assembly was created by the UJA Young



Shlomo Halevi

Leadership Cabinet Forum. A first get-together took place at the Moriah Hotel on the Dead Sea last December, attended by 75 persons from Israel and 75 from the Diaspora (mostly the U.S.).

It decided first that "Israel and the Diaspora cannot make it without each other," and second that cooperation must be based not on institutionalized fund-raising but rather on "active partnership."

Four task committees were formed, on organization, education, immigration and economics. Halevi - chairman of Malam Systems and a member of the Herut party's Central Council - belongs to the economics committee and will bring up his proposal for its consideration. The group plans to hold a plenum assembly every year.

Mini fire extinguisher wins U.S. approval

Jerusalem Post Reporter
TEL AVIV. - After seven years of continuous tests, the "personal fire extinguisher" which Israeli tank crews have been taking with them into battle for the past 10 years has been approved by the American authorities.

"We expect exports to the U.S. of this tiny fire extinguisher, and a few of its big brothers, to reach \$800,000 a year within a short time," declared Albert A. Almouli, director of Alchem, of Tel Aviv. "This will double our exports," he added.

Almouli was approached in 1970 by the Israel Defence Forces, which was seeking a small fire extinguisher. It not only had to be small - it is clipped on to a soldier's belt - but also non-toxic.

It took four years to develop the extinguisher, which weighs only 420 grams and is filled with 300 grams of halon gas.



This gas can be sprayed at a burning person and also directly into the eyes without damaging sight.

The main civilian markets in this country are the housewife as the gas is non-toxic to food, and the businessman, who can spray it on to a computer which develops a short-circuit without harming the computer circuits.

The past two years have seen the extinguishers exported to Japan, England, Switzerland, Greece, Italy, Mexico, Canada, South Korea and Taiwan. Abroad, the small extinguishers cost between \$6 and \$8.

Your money & your questions

By JOSEPH MORGENSTERN
QUESTION: Scitex shares have traded as high as \$24 this year. Recently they have declined from a \$19 trading area to about \$16. How do you view this company and what are the reasons behind the decline in the price of its shares?

ANSWER: By traditional security analysis criteria Scitex is a growth company. In recent years its sales have been growing at an annual rate of 40 per cent. The company's net income as a percentage of sales has averaged in excess of 13 per cent over the past three years. The investment community has accorded Scitex shares an average price-earnings ratio of about 20 in the past three years. A call to the Scitex management has confirmed that end-year 1984 targets for sales and earnings will be met. The reason for the decline, therefore, is not due to any negative developments within Scitex, but rather to the overall poor price performance of many of the high-tech shares, which in turn was caused by some disappointing earnings reports. Over the near future Scitex seems well positioned to maintain its solid rate of growth.

QUESTION: As pensioners we are entitled to any tax relief on interest and dividend income?

ANSWER: Individuals whose total annual income is below a certain minimum are entitled to apply for tax exemption on income from interest and dividends. I suggest you contact your nearest income tax office for details of the exemptions to which you may be entitled.

QUESTION: In view of the country's rapidly sinking foreign currency reserves, I am appalled by the fact that Israel's continue to be able to obtain a \$2,000 foreign currency allocation every time they travel overseas. How can you justify such a drain on the nation's dollar reserves?

ANSWER: Since it is not my responsibility to decide what the level of dollar allocations should be, I will not attempt to justify the measure, but only to explain things from my vantage point. An economics professor pointed out not long ago that the total amount of these travel allocations exceeded the combined annual defence budget for keeping our forces in Lebanon and for putting our settlements in Judea and Samaria. The foreign currency allowance, which in recent years was \$3,000 per trip, evolved from the liberalization instituted in 1977. There is little room today for such largesse, with foreign currency reserves dropping to \$2 billion. In due course the \$2,000 allocation will be severely slashed. Unfortunately, this will probably only take place after severe further damage has been inflicted on the nation's dollar reserves.

QUESTION: In *Yashmad*, the Jewish year 5744 which just ended, was one better off having savings linked to the cost of living index or to the dollar?

ANSWER: Not counting any interest earned on savings, dollar-linked savings were clearly preferable. Inflation for the Jewish year just ended was in the order of 443 per cent, while the rate of devaluation over the same period was 558 per cent. The real gain from dollar linkage, after taking inflation into account, was slightly over 21 per cent.

Koor made IS1.4b. in first half

By MACABEE DEAN
Jerusalem Post Reporter
TEL AVIV. - The Koor conglomerate of companies had a net after-tax profit of IS1,400 million in the first half of this year, compared to IS1,453m. in the same period in 1983, a spokesman said yesterday. The actual net profit was twice the figure given, but the rest went to the minority stockholders.

All figures are deflated in line with Advisory Opinion 23 of the Chamber of Certified Public Accountants. If the "nominal" figures are used as a basis, then Koor itself, without taking into account its minority stockholders, lost some IS3,043m. in the

first six months of 1984, compared to a profit of IS1,262m. in the same period in 1983.

But the company notes that inflation robs the "nominal" figures of all significance and distorts the results, since these results are given in historical shekels, and not in deflated shekels.

However, if the nominal figures are used, then the income of Koor (and its minority shareholders) from sales and services grew by 393 per cent, to stand at IS178 billion.

Exports grew by 21 per cent over the period and stood at \$279 million. During these six months Koor also invested \$85m. in new projects.

Yosef Rom new head of Shipyards

By YA'ACOV FRIEDLER
Jerusalem Post Reporter
HAIFA. - The Transport Minister has appointed Yosef Rom as the new chairman of the government-owned Israel Shipyards here.

Rom, who is a professor of aeronautical engineering at the Technion, succeeds Shlomo Erel, who resigned recently after being appointed controller of the Defence Establishment.

Rom served two terms as Herut Knesset member, but lost his seat in the last elections when he failed to get a safe place on the ticket.

His wife, Yael, made an unsuccessful bid for mayor in last year's municipal election on an independent ticket, running against the official Herut candidate. She was, however, elected to the city council.

The shipyards have been suffering from a lack of orders for the past year, and its 800 workers have resisted efforts to trim the work force. As a result the government has had to subsidize the yard heavily.

Last week, it received a \$3 million contract from Zim for "stretching" three container ships, which will somewhat ease the situation.

Summary of half-yearly company results

By PINHAS LANDAU
Post Finance Reporter

The following is a summary of the results recently published by various companies for the first half of 1984. All figures are in adjusted real terms, expressed in constant June 1984 shekels. Comparisons are to the first half of 1983. The exchange rate on June 30, 1984 was IS236.4-\$1.

Otzar Hityashvut Hayehudim, formerly the Jewish Colonial Trust Co. and the parent of Bank Leumi, reported a loss of IS2.1 million, a tiny fraction of its 1983 first-half loss of IS107.2m.

Zur Insurance, a subsidiary of Hassneh, also registered a loss for the first half of this year, IS14.4m. However, compared to the full-year loss of IS340.6m. in 1983, this is a vast improvement.

Clal Trading, lost IS606m. in the first half of 1983. Management notes laconically that while the company's balance sheet shows a growth in its

activities, there has been a fall in profitability, compared to last year. Why and how are not explained, but there's no arguing with the facts.

Israel Cold Storage posted a profit of IS42m., down two thirds from the equivalent figure of IS134m. profit last year. The company points out, however, that the 1983 result was strongly influenced by a one-time profit resulting from the sale of one part of its Jaffa subsidiary. As of April of this year, Cold Storage has been a major shareholder in Secam, a company set up by the members of the Eisenberg group to hold 17 per cent of the Israel Corporation that the group acquired earlier this year.

Israel Housing and Property saw its profits fall from IS2.2m. last year to IS1.7m. this year. In view of the fall in the sale of apartments to foreigners and the reduction in the level of activity in the real estate market, the company closed its sales offices in Jerusalem, Tel Aviv and Netanya, and cut its workforce at its head office. Management expects these moves to have a beneficial impact on the results, starting in the current half-year.

Industrial Companies:

Polgat Industries, one of the leaders in the textile and clothing fields, announced a loss of IS243m., compared to last year's loss of IS352m. The company's exports grew from \$38m. in the equivalent period last year, to \$42m. in the first half of this year. The losses are put down to the following factors:

- (1) A full 70 per cent of Polgat's production is exported, and almost all of this is to Europe. The exchange rate compensation paid to the company, to make up for the fall in the European currencies against the dollar, is 5-6 per cent below the rate of inflation, and 10-11 per cent below the index of industrial output prices.
- (2) Sales to the home market caused a loss because of unfavourable terms of credit.
- (3) The warm winter of 1983/84 forced the company to sell off its inventory at a loss.

The company's management claims to have taken steps to cut costs and improve efficiency. It expresses the hope that the second half will be better, because of the seasonal factor (winter clothes are more profitable than summer clothes), and that the government will act to improve the prospects of exporters in general, and have special regard to the problems of the exporters to Europe.

Delta Gail Industries, another major textile concern, although in a different branch, reported a profit of IS158.7m. This compares with a much smaller profit of IS6.3m., last year. Dov Lautman, the managing director, claims in his notes that this great improvement is the result of the efficiency and cost-cutting moves made at Delta. This improvement,

he adds, was achieved despite the worsening terms of trade with the EEC, as noted above.

Alliance Tires, the sole tire producer in the country, lost IS421m. in the January-June 1984 period, after a loss of IS198m. in the same period of 1983. Exports were ahead by 10 per cent on a volume basis, but Alliance, too, suffered from the weakness of the European currencies against the dollar, since 40 per cent of its exports are to Europe.

Sales to the local market fell by about 13 per cent. The near-doubling of the rate of gross profit, from 21 per cent of sales to 40 per cent, was wiped out by the massive rise in financing costs, which reached 38 per cent of sales, compared to 14 per cent last year.

Agan Chemical Manufacturers swung from a loss of IS282m. in the first half of 1983 to a profit of IS371.6m. this year. Sales grew by 20 per cent in real terms, or by 33m. Both this increase in sales, and the fact that in 1984, by contrast to 1983, the shekel was devalued against the dollar by more than the rate of inflation, contributed to the turnaround.

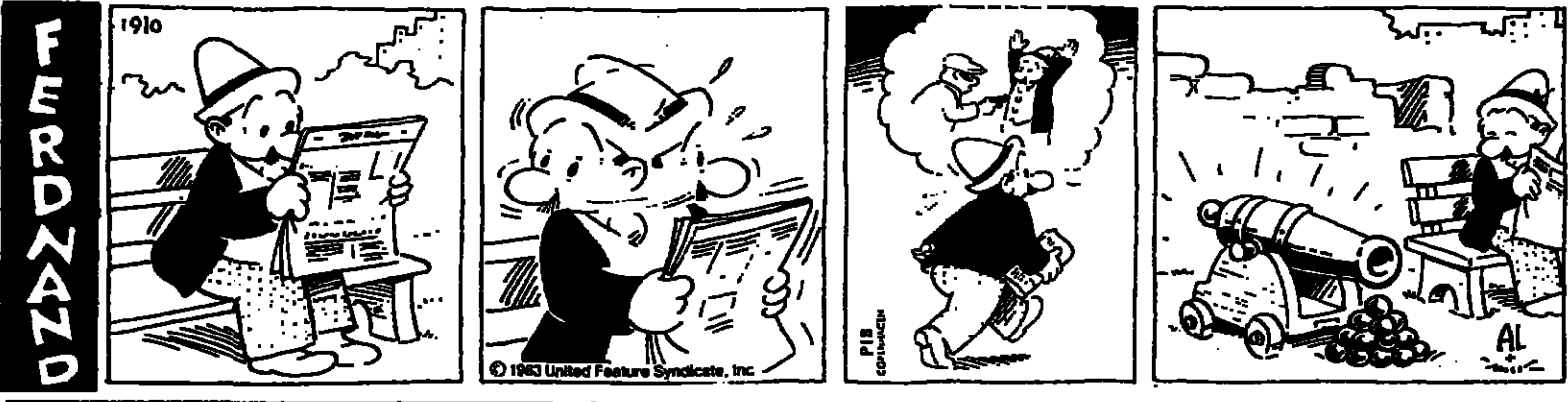
Agan notes that its sales and profits are usually higher in the first half than in the second, as a result of seasonal factors.

Cables and Electric Wires Co. registered a loss of IS170.3m., after a loss of IS53.3m. in the first half of 1983. As an alternative to the shekel presentation of the figures, the management has added the dollar-denominated loss, of \$114,000, which it believes to be a more accurate reflection of the truth.

Rim Industries, the furniture manufacturers, lost IS72.9m. this year, up from IS53.3m. last year. The main cause of this increase is, once again, the rise in financing costs. With effect from early July this year, the company reorganized itself, so that one factory was switched from producing for the home market to producing for export, and the home sales that were made were switched to dollar-linked prices, with credit terms similarly dollar-linked.

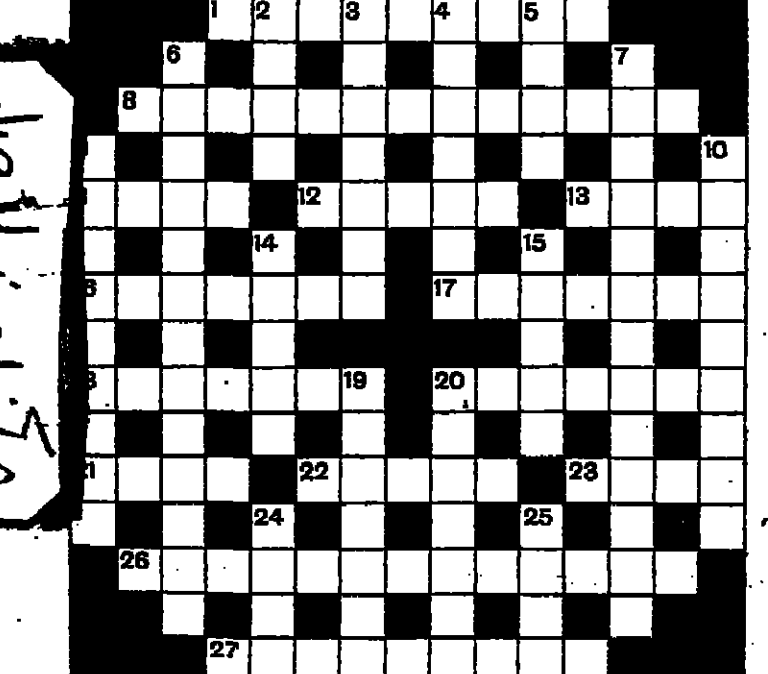
As a result of these moves and in view of its high liquidity, the company hopes to weather the difficult period it sees ahead for the furniture industry.

Tal Plywood Industries lost IS120m., a similar amount to 1983, when the loss amounted to IS126.8m. The company's chairman blames inflation and financing costs for bringing on the vicious competition in the sector which reduced prices for products and caused losses.



ONE-AND-ONE CROSSWORD

- | | |
|--|--|
| ACROSS | DOWN |
| 1 First act of Julius Caesar upset Italy—but here is the excusable quality (9) | 2 Response from the chorists (4) |
| 8 With a gentle touch but likely to nick (5-5) | 3 Work of Dante? Conclude otherwise (7) |
| 11 Stop, think and observe (4) | 4 Tennis depicted as mild and unctious (7) |
| 12 Forest not completely burning (5) | 5 Members into established procedures (4) |
| 13 Cover nothing in bathing-pool? (4) | 6 Groups of horses at Cremona, perhaps—group of four crossing a bridge (6-7) |
| 16 Paint spill at party—duck (7) | 7 Specific cabinet for an alling society? (8-5) |
| 17 People seeing our interior in swirling mist? (7) | 9 Scaphoid, in a way and trim (9) |
| 18 Damm! In resolving hate it gets buried (7) | 10 Bond, for example, as governor (9) |
| 20 Abbey can set rent revision (7) | 14 Where to hide ready money uttered? (5) |
| 21 Formal pair I am reducing (4) | 15 Tea-cakes about right for poet (5) |
| 22 A dark place of retirement in France (5) | 19 Showing of crown certain to follow fashion (7) |
| 23 Sunday garden-implant in Oxford, for example (4) | 20 Having bluish, I attend for treatment (7) |
| 26 Possibly suit a curt girl, this landed fellow (13) | 24 Extra broad? (4) |
| 27 Jack-in-the-box? (9) | 25 Corny waste of railways article (4) |



KEEP JERUSALEM BEAUTIFUL

GENERAL ASSISTANCE

<p>EMERGENCY PHARMACIES</p> <p>Jerusalem: Kupat Holim Chait, Romena, 523191, Baitam, Salah Eddin, 272315, Shufat, Shufat Road, 810108, Dar Aldeira, Herod's Gate, 320058.</p> <p>Tel Aviv: Hakdya, 19 Ibn Gvirol, 226686, Kupat Holim Chait, 7 Amsterdam, 225162, Petah-Tikva: not available.</p> <p>Netanya: not available.</p> <p>Haifa: not available.</p>	<p>FIRST AID</p> <p>Magen David Adon emergency phone numbers (round the clock service):</p> <p>Ashdod 41333, Jerusalem 523133, Ashkelon 23333, Kiron 34442, Bat Yam 385555, Kiryat Shmona 44334, Beersheva 72333, Netanya 22333, Cañuel 988555, Pith Tiva 923111, Dan Region 781111, Eilat 72333, Rehovot 51333, Hadera 22333, Rishon LeZion 94233, Haifa 512233, Safed 30233, Hatzor 36333, Tel Aviv 240111, Holon 803133, Tiberies 90111.</p> <p>Mobile Intensive Care Unit (MICU) service in the area around the dock.</p> <p>Rape Crisis Centre (24 hours), for help call Tel Aviv, 234819, Jerusalem - 810118, and Be'er 89791.</p> <p>"Eran" - Mental Health First Aid, Tel: Jerusalem 66911, Tel Aviv 253111, Haifa 67222, Beersheva 418111, Netanya 35116.</p> <p>For information on Battered Women Shelters call Family Violence Service - 03-231675, 235922 or any of the Rape Crisis Centre or Eran hot lines.</p> <p>Jerusalem Center for Drug Abuse and Misuse Intervention, Tel. 663828, 663902, 14 Beilchheim Rd.</p>
<p>DUTY HOSPITALS</p> <p>Jerusalem: Bikur Holim (pediatrics, E.N.T.), Hadassah E.K. (internal, gynecology, surgery, orthopedics), Shaare Zedek (ophthalmology), Tel Aviv: Rotsch (pediatrics, internal, surgery), Netanya: Laniado (obstetrics, internal, pediatrics, gynecology, surgery).</p>	<p>FLIGHTS</p> <p>24-HOURS FLIGHT INFORMATION SERVICE Call 03-972484 (multi-line) ARRIVALS ONLY (TAPED MESSAGE) 03-381111 (20 lines)</p>

<p>QUICK CROSSWORD</p> <p>ACROSS</p> <p>5 Town of Uganda on Lake Victoria</p> <p>8 Holland's gin</p> <p>9 Employing</p> <p>10 Edible small</p> <p>11 Political body</p>	<p>DOWN</p> <p>1 Michaelmas day</p> <p>2 Unsettling blow</p> <p>3 Hirsute</p> <p>4 Clamour</p> <p>5 Particular example</p> <p>6 Point of union of railway-lines</p> <p>7 Carpenter</p> <p>8 Throttle</p> <p>9 Termination</p> <p>10 Say further</p> <p>11 Pressing</p> <p>12 Hard alloy</p> <p>13 Smudge</p> <p>14 Fidelity</p>
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CODEX MAIMONI: THE MISHNEH TORAH OF THE RAMBAM



The selections from the Code of Maimonides produced in this book are from the beautiful Kaufmann Codex and convey a clear idea of the style, scope and structure of the Mishneh Torah, enabling the reader to combine meticulous study with artistic pleasure.

This exquisite volume contains the magisterial Code that was completed by Maimonides in Egypt in 1180, copied by a French scribe in 1295, further embellished by a German scribe in Cologne with citations from select post-Maimonidean authorities. The manuscript was bequeathed to the Hungarian Academy of Sciences by Austrian scholar David Kaufmann and today, with this edition, has been made available to English-language readers. CODEX MAIMONI presents 68 of the most beautiful pages from the illuminated codex of the Kaufmann Mishneh Torah, with an introductory essay by Prof. Alexander Scheiber and contributions by Prof. I. T. Wersky, Prof. J. Blau and Prof. S. Pines. Art historian Gabrielle Sed-Rajna describes the codex in context of art history and provides detailed explanations of the illustrations.

Published by Corvina/Hellikon/Strasbourg. Leaf size 473 mm x 324 mm (approx. 18 1/2" x 12 3/4"), 176 pages.

Price, \$138 (including VAT). Available from The Jerusalem Post, P.O. Box 81, Jerusalem 91000. Tel. 02-628181 ext. 288, 291.

Bonds and bank shares ahead

Tel Aviv Stock Exchange

By PINHAS LANDAU

Bonds and, to a lesser degree, the "arrangement" bank shares moved ahead quite sharply in yesterday's trading, as the market returned from the long weekend. "Free" shares were mixed and volume was very low, as many shares published annual or semi-annual results.

Bonds showed rises of up to 6 per cent in many series and even the general bond index was almost 2.5 per cent higher, an unusually large move for a single session. One must point out, however, that in the context of five non-trading days, 2.5 per cent in five days is less than the current rate of inflation. In other words, it remains to be seen whether this is a one-off jump, or the start of a longer-term trend in the bond market.

The volume of IS1.2 billion certainly does not augur great things ahead.

The rises in the dollar-linked bank shares can also be seen in the same light. The expectation is that the rate of devaluation, as reflected in the representative rates that will be announced today and tomorrow, will also be high. First, there is the backlog of the days of Rosh Hashana. Second, the market is more likely than likely that the shekel will sink

rapidly in October, to keep pace with the expected rate of inflation of 25 per cent and more.

Of the IS1b. traded in shares, over 80 per cent was in the bank shares, with the rest of the "free" market managing only IS220 million, or barely \$0.5m. This low level of turnover took place in a subdued atmosphere, with advances slightly behind declines in the overall market.

The "free" market is in a double bind. In the first place it is having to cope with quadruple-digit inflation, something it is hardly capable of doing. On top of that, the economic and financial communities are rapidly losing faith in the ability of the new unity government to stop the economy's slide to anarchy, and the share market cannot possibly perform well, or even perform at all in this atmosphere.

MARKET STATISTICS

Indices

General Share Index	-	-	-
Non-bank Index	-	-	-
Bank Index	-	-	-
Industrial Index	-	-	-
Bond Index	330.45	+2.47%	

Turnovers

Shares	IS1053.3m.		
Bonds	IS1215.5m.		
Foreign	IS268.8m.		
Advances	143		
Declines	160		
of which 5% +	52		
of which 5% -	50		
"Buyers only"	12		
"Sellers only"	29		

Bond market trends

4% fully-linked:	Rises to 6%
3% fully-linked:	Rises to 6%
80% linked:	Rises to 6%
Double-option:	Mixed to 3%
Dollar-linked:	Rises 1.5%-3%

Most Active Shares

Hapoalim	IS10085	IS187m.	+300
IDB	15050	IS183.5m.	+910
Leumi	6453	IS191m.	+330

Sharpest Moves

OTIS	300	+92	+44.2%
Kadum	224	+44	+24.4%
Dardot	603	-145	-19.4%

Hapoalim raises interest on deposits

By PINHAS LANDAU

Post Finance Reporter

TEL AVIV. - Interest rates paid to depositors will rise from tomorrow by margins of up to 2-2 1/2 per cent monthly. Bank Hapoalim announced yesterday.

This move comes after last week's rise in the rates charged by the banks to their customers from funds borrowed, a move that the Bank of Israel criticized as creating too wide a gap between borrowing and lending rates. With this increase in interest paid by the banks, that gap has become smaller.

The new increases are especially beneficial to the middle range of deposits, those between IS250,000 and IS1 million. Thus *tapas* interest on deposits of more than IS250,000 have been hiked from 0.33 per cent daily (or 227 per cent annually) to 0.55 per cent daily (355 per cent annually). *Tapas* deposits of less than IS1 million will receive even more.

Pakam rates will also be significantly higher. A week's deposit of IS250,000 to IS500,000 will earn 4.03 per cent (210 per cent p.a.) and for 30 days 18.49 per cent (225 per cent annually), while IS1 m. will receive 4.41 per cent for a week (230 per cent annually) and 20.14 per cent for 30 days (245 per cent p.a.).

These rates are reasonable, compared to a prime rate of 21 per cent, and regular borrowing rates of 21-23.5 per cent. It remains to be seen how they will compare with the actual rate of inflation in October, currently estimated at over 25 per cent. Certainly, the interest on small deposits of less than IS100,000, at 170 per cent p.a. for 7 days, and 185 per cent p.a. for 30 days, is far from being a "real" rate.

In addition to these rates for regular depositors, Hapoalim is offering special rates for money held in *tapas* or *pakam* accounts for the coming week and targeted for deposit in the new saving scheme, which the banks

are putting on offer from today. (This scheme offers linkage to the September index until October 8, and thus reduces the loss caused by the lag in publication of the index.)

Deposits of IS100,000-1m. will receive 19 per cent monthly interest, and sums of IS1m. will receive 20 per cent, calculated pro rata for the days they are held in *tapas* or *pakam*, prior to redepositing in the new, two-year-minimum saving scheme.

Jordan gets \$40m. in Kuwait aid

AMMAN (Reuters). - Kuwait has paid Jordan 15.6 million dinars (\$40m.) as part of an Arab financial pledge to so-called frontline states bordering Israel, a finance ministry official said yesterday.

This is the first instalment of Kuwait's annual aid to Jordan, equivalent to about \$100m. this year.

Kuwait and other Arab oil states agreed at a summit meeting in Baghdad in 1978 to give financial aid to Jordan, Syria and the Palestine Liberation Organisation.

Last May, Kuwait's National Assembly approved a 39 per cent cut in aid to the three recipients from July 1, because of budget deficits resulting from reduced oil exports.

It was not clear whether the latest Kuwaiti payment was made before or after Jordan's decision last Tuesday to restore diplomatic ties with Egypt.

Kuwait and several other Arab countries have criticized Jordan's action, saying it contravened an Arab boycott of Egypt after Cairo signed a peace treaty with Israel in 1979.

Cut in U.S. prime rate is bonus to Third World debtors

NEW YORK (Reuters). - Big U.S. banks on Friday cut their prime rate, paid by their most creditworthy corporate borrowers, a 12 1/2 per cent from 13 per cent, a move that economists saw as a bonus to Third World debtors.

The move was seen as a bonus to Third World debtors because it lowered the cost of borrowing in the U.S. because of the rapid expansion of the economy and the demands of the Treasury for money to finance the huge U.S. budget deficit.

In Washington, Treasury Secretary Donald Regan said on Thursday that U.S. interest rates would continue to decline and might reach the high-flying U.S. dollar.

At a news conference marking the World Bank annual meetings, Regan said: "I think interest rates

are coming down. There are indications the economy is cooling."

He said the cut would give departing finance ministers "a nice going away present."

Chemical Bank led Thursday's downward move and was quickly followed by Chase Manhattan, Citibank, the Bank of America, the Bank of New York and Bankers Trust. The prime rate rose to 13 per cent at most banks on June 25.

Morgan Guaranty had the week before last lowered its prime rate to 12 1/2 per cent from 13 per cent, a drop that was followed only by the small Southwest Bank of St. Louis.

A drop in the prime rate is good news for Third World debtor countries because the interest they pay on their huge debts to western banks rises and falls with fluctuations in the prime.

Part of Ashdod boasts rise in exports

TEL AVIV. - During the first five months of the fiscal year (April-June 1984) exports through sea ports rose by nine per cent, compared to the same period last year.

A total of 5.1 million tons of cargo passed through the ports, an increase of five per cent. These in-

cluded 2.5m. tons of imported goods - an increase of two per cent - and 2.6m. tons of exports.

During this period Ashdod's exports rose by an impressive increase of about 15 per cent in cargo value. Haifa and Eilat showed a drop of six and one per cent respectively.

Two beers win gold

Jerusalem Post Reporter

TEL AVIV. - Both Maabec and Goldstar beers from Israel's National Breweries have won gold medals in this year's "Monde Selection" international competition in Brussels, in which 250 different labels participated. A panel of high-ranking European brewers spent two months tasting and testing the various beers.

This is the fourth time Maabec beer has won a gold medal in this prestigious competition.

Fighting child labour

The Jerusalem Labour Council yesterday named Yossi Harel, 49, as director of the East Jerusalem department. He succeeds Shlomo Shoshani, who is retiring.

Harel said he will continue Shoshani's efforts to have East Jerusalem employers sign the same wage agreements with their employees as those prevailing in West Jerusalem. In addition, he will work towards eliminating child labour.

Venezuela gets \$20.7b. debt refinancing

CARACAS (AP). - Venezuela announced last week that \$20.7 billion of its \$35b. foreign debt would be refinanced by creditor banks without prior agreement with the International Monetary Fund.

The government said the terms of the refinancing, spanning a 12-year period, were "satisfactory and convenient." The first payment, of about \$750 million, is to be made by Venezuela in the second half of 1985.

The agreement allows Venezuela to pay annual amounts not exceeding \$5b. and covers payments due between 1983 and 1988. It also takes into account the country's requirements for social and economic development, the government said.

The government is trying to pull the economy out of a recession that saw the unemployment rate rise to 20 per cent.

The refinancing agreement ended months of complex negotiations, during which Venezuela was granted six consecutive 90-day moratoriums by its 450 foreign creditor banks, most of which are in the United States.

Venezuelan negotiators pointed to the strength of the country's oil revenues, which are estimated at

Hayman & Beglinger

Law office

take pleasure in announcing the transfer of their offices to the following address, with effect from October 1, 1984:

Hayman & Beglinger
Hottingerstrasse 17
8032 Zurich

Telephone 01 69 10 10
Fax 69 18 22 (Group III)

Cables Counsel Zürich
Zürich, September 1984

Dr. Michel Haymann
Dr. Peter Beglinger
Dr. Peter Baldi

Fish-breeders had good Rosh Hashana market

HAIFA. - The fish-breeders had a very good Rosh Hashana market, despite the inflationary prices of their pond-bred fish.

Sales totalled 846 tons of all fish, as against 854 last year, the fish-breeders union secretary Amnon Levin said yesterday.

Carp, the traditional Rosh Hashana food, made up the bulk of the sales, 641 tons, at IS1,100 per kilogram. It was followed by 127 tons of St. Peter's fish (amnon); 40 tons of grey mullet; and 38 tons of silver carp.

Company	Price	Volume	Change	%
Commercial Banks				
Bank Leumi	3700	10	-105	-4.5
Bank Hapoalim	3310	10	-35	-3.0
Bank Mizrahi	3410	10	+30	+1.5
Bank Leumi	1385	45	-	-
Bank Hapoalim	2872	35	-	-
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Bank Mizrahi	2872	35	-	-
Bank Leumi	2872	35	-	-
Bank Hapoalim	2872	35	-	-
Bank Mizrahi	2872	35	-	-

Company	Price	Volume	Change	%
Commercial Banks				
Bank Leumi	3700	10	-105	-4.5
Bank Hapoalim	3310	10	-35	-3.0
Bank Mizrahi	3410	10	+30	+1.5
Bank Leumi	1385	45	-	-
Bank Hapoalim	2872	35	-	-
Bank Mizrahi	2872	35	-	-
Bank Leumi	2872	35	-	-
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Company	Price	Volume
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THE JERUSALEM POST

Arti Roth
Editor and
Managing Director

Erwin Frenkel
Editor

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Move in right direction

KING HUSSEIN of Jordan has been waiting in the wings far too long. Six years ago, he missed the chance of joining the Camp David Accords which designated a pivotal role for him in the peace process. Several months later, he went a step further towards the rejectionist camp by joining 16 other Arab countries in severing diplomatic relations with Egypt, in protest against the signing of the peace treaty with Israel.

When U.S. President Ronald Reagan first launched his Middle East peace initiative two years ago, King Hussein seemed relieved that the then Israel government did not waste any time rejecting it, thus saving him the trouble of having to adopt a decisive stand. His subsequent talks with PLO chairman Yasser Arafat, in an attempt to get PLO approval for Jordan's representing the Palestinian case in a renewed peace process, failed to yield results.

At the time, King Hussein demanded that Washington prove its clout over Israel by bringing about an early Israel withdrawal from Lebanon. When Israel signed a withdrawal agreement with Lebanon in May last year - which has since been rescinded by Beirut under Syrian pressure - the Jordanian monarch was again seeking Arafat's approval, but to no avail.

As a result, the peace process - launched so courageously nearly seven years ago by Egypt's late president Anwar Sadat - remained deadlocked.

King Hussein's decision last week to restore diplomatic relations with Cairo was, therefore, welcome news. Israel's Vice Premier and Foreign Minister Yitzhak Shamir termed the resumption of diplomatic ties between Jordan and Egypt aptly and succinctly "a victory for the Camp David peace process." A Foreign Ministry spokesman in Jerusalem pointed out that it was encouraging that Jordan had dropped its demand for Egypt to cut its ties with Israel, before Amman restores its own ties with Cairo.

And yesterday, Yasser Arafat himself welcomed the restoration of diplomatic relations between Egypt and Jordan. That statement followed the PLO chairman's meetings last week in Amman with King Hussein, amidst a spate of other diplomatic activity which included meetings by the Jordanian monarch with U.S. Undersecretary of State Richard Murphy and with President Hosni Mubarak's chief adviser Osama al-Baz.

Although it is far too premature to read any tangible meaning into these various diplomatic moves which all focus on Amman, they have one thing in common - the possible opening of new peace contacts with Israel. The condemning of Jordan's move by Syria and Libya certainly did not come about as a surprise and must have been taken into account by King Hussein before he made his decision to resume ties with Cairo.

It is significant that the Jordanian move has already generated widespread approval and excitement among many Palestinians in the West Bank and Gaza.

Whether King Hussein's decision was in any way linked to the formation of a broad national unity government in Israel, headed by Prime Minister Shimon Peres, is a matter of conjecture at this stage. It does indicate, though, that Israel's new government has already created an image of being more broad-minded and possibly also of being more flexible than its recent predecessors. Mr. Shamir's statement in this context, welcoming the Jordanian initiative, is certainly a move in the right direction which may be one of the first positive results of the unity government.

Whether President Reagan was aware last Monday of King Hussein's plans, when he reaffirmed his commitment to his peace initiative of two years ago, is also a matter of conjecture. It is regrettable, though, that Washington failed once more to apprise Jerusalem of its intentions beforehand, not making it easier for the government to respond positively to the renewed Reagan initiative.

One thing is certain. There is again diplomatic movement afoot in the region, as Israel's neighbours, including Syria, are convinced that Jerusalem is determined to get its troops out of Lebanon, provided acceptable security arrangements are agreed upon. That alone is already a marked improvement over the protracted stalemate of recent years.

THE THREAT by the authorities two weeks ago to close the Palestine Press Service and the *Al-Awda* weekly in East Jerusalem came down like a thunderbolt on a clear summer's day, not only to their directors - authors Raymond Tawil and journalist Ibrahim Kara'een - but to many Israelis who frequent their offices on 10 Salah Eddin Street.

Both the press service and the magazine function under close surveillance, strict censorship and severe administrative limitations (for example, the office may not install a telex machine and the magazine may not be distributed in the West Bank). But the fact they have nevertheless been allowed to operate as genuine and bona-fide sources of information, used regularly by the foreign press corps and some Israeli correspondents, is one which Israeli democracy can be truly proud of.

Neither Raymond Tawil nor Ibrahim Kara'een have ever concealed their support of and faith in Yasser Arafat as chairman of the PLO and symbol of a genuine Palestinian national movement. Both, however, accept Israel's existence as a fact which the Palestinians must recognize and live with, and Palestinian-Israeli coexistence as a cornerstone of any settlement. They have willingly taken part in an ongoing dialogue with Israelis of various political shades, despite the risk this entails to their own reputations in the Arab street, which is not known for its tolerance and open-mindedness.

The tag of "Quisling" is easily attached to Palestinians who are known to meet regularly with Israelis beyond the necessary minimum. Tawil and Kara'een have so far managed to avoid such condemnation.

Today, both believe that, given a genuine opportunity, Arafat would opt for negotiations with Israel. It makes no difference whether we share this belief or reject it out of hand. What does matter is that in the

IT'S NO SECRET that these are not the best of times for Israel and its supporters on U.S. college campuses. Palestinian sympathizers continue to register public relations gains among significant portions of many student bodies. This is true even at schools with significant Jewish populations.

At Harvard Law School, for example, where some 30 per cent of the students are Jewish, student groups have invited PLO spokespeople in each of the last three years.

Even more discouraging, perhaps, is the near absence of a strong and vocal pro-Israel voice at many American universities. Even sympathetic students have primarily "negative" associations with Israel during their college years; their connection to Israel, it seems, is limited to protesting about PLO speakers or attempting to defend the latest Israeli government action. The only other tie most of them have to Israel is a phone call asking them to contribute to the annual United Jewish Appeal campaign on campus, some of whose funds are channelled to Israel.

READERS' LETTERS

POLITICS AND RELIGION

To the Editor of The Jerusalem Post
Sir, - I am an immigrant from the United States who has watched with varying degrees of shock, dismay, disgust and shame as the political haggled and bickered over the formation of a government. What has truly sickened and angered me to watch is the wheedling, dealing and extortionist practices indulged in by the so-called religious parties as they have sought to have a share in the government. Despite all their high and holy rhetoric, their lust for power displays a shocking lack of scruples and of moral and ethical standards.

I am not basing this view on any assimilated principles of separation of church and state one might assume I have picked up in the U.S. Rather I base it on the principle set forth by the sage Shemayah. Should any of our ultra-Orthodox politicians bother to open their daily prayer books and read the Ethics of the Fathers (Pirkei Avot), they might

read: "Shemayah said: 'Love work, abhor taking high office, and do not seek intimacy with the ruling authorities.'"
It seems to me that the religious authorities in the country could do more good, both for their cause and the People of Israel, if they devoted more of their efforts to providing spiritual and moral leadership by example - encouraging people to follow their lead in observing Sabbath and respecting God's Law instead of attempting to ram it down our throats.

As far as governing this nation goes - until such time as the NRP, Morasha, Shas and Rabbi Kahane can have their way, Israel remains a democracy. One principle that holds true, even if not found in the Torah, should be taken to heart by every Israeli, both religious and secular: in a democracy, people get the government they deserve.

CHARLES J. SHIPLOV
Haifa.

THE GOLDWATER FAMILY

To the Editor of The Jerusalem Post
Sir, - Senator Goldwater has asked me to write you requesting any information you might have about the Goldwater family in America. Specifically, he is interested in the families of Michel (his grandfather) and Joe (his great uncle) Goldwater, who came to this country from Poland, via England, in 1852.

They started a saloon at Sonora, California, in 1853 and came to Arizona territory in 1863, where they started businesses which have become the Goldwater's department store chain.

Their father was Hirsh Goldwasser, an innkeeper of Konin, Poland, who had 22 children.
Senator Goldwater and his family have commissioned me to write a book about the family, and I am well into that project. Any help you might have would be appreciated.

DEANE E. SMITH
Executive Vice-President
Arizona Historical Foundation,
Arizona State University,
Tempe, Arizona 85287

PRICE GOUGING

In the last few months. However, many prices have increased at rates of two and three times above the increase in the Consumer Price Index. Because the value of the shekel changes everyday, no one knows when something is too expensive and hence everyone pays. The time has come for dollarization.

Why am I so relieved when everyone else is concerned about the 1000 per cent figure? The answer lies in a visit to my local supermarket where I have been charting the prices of certain items for several months. Two outstanding examples of this little exercise are granola and peanut butter. Their prices have increased respectively by 140 and 130 per cent over the past two months (or annually at rates of 19,000 and 15,000 per cent). So the government prediction of such "a low figure" has been reassuring.

It is true that peanut butter and granola are extreme examples of the price gouging that has taken place over

Partners in a dialogue

Susan Hattis Rolef comments on the threat - now being reviewed at the Prime Minister's request - to close down the Palestine Press Service and the East Jerusalem weekly 'Al-Awda.'

West Bank today there are many PLO supporters who do not believe Israel can be destroyed and are therefore inclined to recognize it. In many ways, Raymond Tawil and Ibrahim Kara'een are representative of these people and this trend.

GIVEN THAT at least half of Israel's present government claims it is willing to negotiate with any Palestinian who is willing to recognize Israel's right to exist as a Jewish state within secure boundaries, and given that no Palestinian leadership alternative to the PLO is in sight today - the existence of a major group of PLO supporters, who due to circumstances are unfortunately unable to play a direct role in this problematic organization and its decision-making process, but who openly recognize Israel's right to exist, cannot be regarded as contrary to Israel's genuine interests.

IT HAS BEEN alleged that the Palestine Press Service is subsidized by Fatah. I personally do not know whether it is or not, and within the framework of the strange financial realities which have been allowed to evolve in the territories since 1976, this doesn't seem relevant. It is no secret that in the last eight years, over \$600 million of PLO money have been allowed to enter the administered territories, and this at a time

when Israeli investment in the Arab sector there is assumed to be about \$10m. annually, plus about \$3m. from American voluntary and government-sponsored agencies.

The authorities have a pretty good idea where this money has come from and where it has gone (very little finds its way to genuine economic development, which is simply not allowed to take place), and this knowledge did not seem to bother anybody in the past. If a coherent Israeli policy has existed on this subject in the past seven years, perhaps somebody would care to get up and explain it. The sudden "discovery" that PLO money subsidizes at least part of the Palestinian press in the West Bank and East Jerusalem can be viewed as nothing other than hypocrisy.

GIVEN THE FACT that the views and connections of Raymond Tawil and Ibrahim Kara'een have been well known for years, and that whoever has been supporting their outfit did not start doing so recently, the timing of the move to close them down was astonishing. Moreover, for several years both individual Labour leaders and certain departments of the Israel Labour Party openly maintained regular and close contacts with the two Palestinians and their organizations, as with

other Palestinian personalities and institutions in the territories.

The fact that the threat of a clamp-down came several days after Shimon Peres became prime minister and Yitzhak Rabin the minister of defence (apparently the move came without their prior knowledge), raises the questions: Why then? Why the Palestine Press Service and *Al-Awda*? Who took the decision and under whose instructions?

I MYSELF made the acquaintance of both Raymond Tawil and Ibrahim Kara'een while accompanying foreign guests of the Israel Labour Party, whose itinerary usually includes - besides meetings with Labour and Likud leaders, senior civil servants, Gush Emunim and Peace Now activists, etc. - conversations with various Palestinian personalities as well. Just before and soon after the July general elections I met Raymond and Ibrahim for several long private conversations, and *inter alia* we discussed their hopes and expectations. Though neither expected a Labour victory to result in an immediate breakthrough, and both are fully aware of the Labour opposition to a separate Palestinian state in the West Bank and Gaza, they believed that under a Labour-led government the daily existence of the Palestinians in the territories would become more tolerable, the creeping annexation would cease, and the peace process would resume.

They both expressed their belief that a new peace initiative, in which France and the Socialist International would play an active part and in which King Hussein and Arafat would participate, was in the offing. Though the elections did not result in a clear Labour victory, they continued to hope that a government with a Labour prime minister, a Labour minister of defence and with the participation of Ezer Weizman, would at least ease the conditions and lift some of the restrictions under which they have been forced

to work. These expectations made the shock of the letter which they received two weeks ago from Jerusalem District Representative Rafael Levy and Col. Danny Bayan of the Israel Defence Forces Judge Advocate General's Office all the greater.

THANKFULLY, the threat to the continued existence of the Palestine Press Service and *Al-Awda* is now expected to be lifted following the outcry of protests in Israel and abroad. Yet the incident is a reminder of the fact that there is much more to Israel's policy in the West Bank and Gaza than Jewish settlement. The coalition agreement includes some sort of formula regarding settlements, but there is no reference to the policy to be implemented regarding the Arab population.

Undoubtedly there are those who believe that the absence of a coherent policy - and the resulting *Ka'esque* situation in which the Arab population of the territories is frequently find themselves - is desirable since it gives the Israeli authorities infinite flexibility and keeps the Palestinian in a state of continuous uncertainty and insecurity.

However, those who believe that the option of territorial compromise must at all costs be left open, even if little progress can be expected in this direction as long as the national unity government is in power, cannot accept this inclination and must make a real effort to ensure that basic guidelines are laid down as to what sort of activities should be permitted or prohibited, what sort of political, administrative, economic and social developments should be encouraged or discouraged, and whose voices should be heard or silenced. Those of Raymond Tawil and Ibrahim Kara'een should be heard.

Dr. Rolef is a freelance writer, researcher and lecturer, who is closely associated with the Labour Party.

Untapped talent for Israel

By YADIN KAUFMAN

THIS IS a disturbing and ominous trend. A generation of America's future leaders are passing through a vital juncture in their lives with almost no positive bonds to the Jewish state.

With the right approach, however, these students - there are thousands who are fundamentally sympathetic to Israel - could represent a vast, talented and energetic source of support and assistance in Israel's struggle.

Instead of turning to them only for money, they should be asked to contribute what they are best equipped to provide: time, research services and ideas for specific Israeli

governmental, business, cultural and scientific needs.

All across America, college students spend four years - and graduate students even more - reading, learning and researching. Many also take part-time jobs, but all are left with a significant amount of leisure time, during which they pursue a wide range of extra-curricular activities.

Yet with the possible exception of Hillel's social events, interested Jewish students often have little to choose from that relates in any way to Israel. (Year-long and summer programmes in Israel are excellent, but they fail to address the majority of Jewish students in America who are unwilling to devote months or years to Israel, but who would give several hours, days or weeks.) Many would jump at the opportunity to make a limited, but positive, contribution.

THROUGH AN "American-Israeli research project," American students could prepare papers on specific problems in American or international law in response to an Israeli government request, conduct market research for an Israeli business that wanted to introduce a new product, or gather information about various American industries. They could translate, edit and help write

reports in English or other languages.

The project would be based around a clearing-house at a major American campus.

This office would solicit projects, requiring the investment of several hours to several weeks or months, from Israeli government offices, businesses and cultural and scientific institutions.

With the aid of a computer to keep transaction time and administrative costs to a minimum, the clearing-house would forward these projects to American students who had submitted their names and interests. The students would then be placed in direct contact with the Israeli party that had requested their services. The work would be done on a voluntary basis.

THINK THE students don't know enough to help? Keep in mind that in many cases, these are the same people who are just one or two years away from high-paying jobs as consultants, engineers, researchers or lawyers for American government and business. The American market-place thinks enough of them to value their services highly. The access to professors, libraries and business contacts that they enjoy during their years of education are invaluable.

The students would benefit even though they wouldn't be paid for their efforts. They would gain valuable experience that would help them find jobs later on, and they might well be able to arrange with their universities for obtaining academic credit for their work.

THE BIG WINNER in this plan would be Israel, for many reasons. Through the research project, many

students who currently have nothing to do with Israel could have a rewarding and positive affiliation with Israel.

The research assignments could evolve into longer-term projects, summer jobs or a year of work or study in Israel. Visits, business and professional relationships, and an improved understanding of the realities facing Israel all would follow naturally.

The research project would give a group of Americans a real connection with, and stake in, Israel, and would even be a potential source of aliyah.

In the immediate term, Israel would gain the services and ideas of capable young people, fresh concepts that might in some instances yield important results.

Israel would establish a national connection with the college youth of America, many of whom will in a few years occupy positions of political and economic power. The research project would also provide a vital boost to Israel's propaganda battle on the college campuses.

All too frequently, this struggle is being won by anti-Israel sentiment and, if it is left unchecked, it could tilt the balance of American sentiment away from Israel in coming years. While the project might not directly solve the problem of PLO advances on the campus, it would at least provide an important counterweight.

This is no longer the generation of American youth that will pick up numbers to work on kibbutzim. What these people have to offer is their intellect, their time, their American viewpoint on problems, and their (now expressed) desire to do something constructive for Israel.

The writer is a freelance journalist based in Cambridge, Massachusetts.

POSTSCRIPTS

PS MARRIED women in the Soviet Union spend an average of 73 minutes a day on housework compared with 12 minutes contributed by their husbands.

Tass said the authors of the report, which analyses changes in domestic routines, said the time women spent cooking and cleaning was an improvement over the 1920s daily average of four-and-a-half hours.

They made no comment on the imbalance between the sexes.

Soviet newspapers frequently publish complaints by married women, almost all of whom have jobs, that their husbands do little to help them run the household and rear the children.

The report said women's work was harder in the 1920s when they had to fetch water, chop wood and light fires.

It said electrical appliances had made housework easier but admitted that much time was spent getting them repaired.

PS A TELEVISION series is to be made on the life of the last emperor of China with his brother playing a leading role, the New China News Agency said recently.

It said shooting would start shortly on the 15-part series dramatizing the life of Aisin Gioro Pu Yi. He was the last ruler of the 268-year Manchurian dynasty that ended with his abdication in 1912 after a republican uprising.

The Emperor's brother, Aisin Gioro Pu Jie, 78, lives in a traditional

Chinese house in Peking which belonged to his family. He will also act as adviser for the film which will be made with unnamed U.S. sponsors.

Pu Jie is married to Hito Soga, cousin to Japan's emperor Hirohito, and his daughter and her family live in Japan.

The brothers were imprisoned as war criminals and "re-educated" until 1959 when they were pardoned and released.

Pu Yi worked as a gardener and librarian until his death from cancer in 1967 in Peking. The film will be based on his two-volume autobiography called *From Emperor to Citizen*.

PS NEIGHBOURS of an Iranian diplomat in London have complained of seeing several men pull a live sheep from his house, cut its throat in the street in ritual slaughter and allow its blood to run into a drain. Then the carcass was taken back into the house and roasted in the garden, they said.

The incident was in Southampton, Southwest London. David Mellor, lawmaker for the district and under-secretary of state at the Home Office, said he will report it to the Foreign Office.

"This sort of behaviour is barbaric and totally unacceptable," Mellor said.

Police said the incident could have meant a charge of breach of the 1911 Cruelty to Animals Act. But the diplomat, Embassy First Secretary Seyed Abolghasem Mokhtari, has diplomatic immunity and will not be prosecuted.

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